

# Current History

A WORLD AFFAIRS MONTHLY

NOVEMBER, 1971

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# Current History

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# Current History

NOVEMBER, 1971

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*Can we eliminate poverty in the United States? Can the welfare system be improved? What will be the impact of the "new federalism"? In this issue, seven specialists discuss the history of the American system of welfare, the scope of the nation's poverty problem, and the proposals for welfare reform. Our introductory article notes that "A program to reduce and abolish poverty is . . . the true welfare reform which should be defended and demanded."*

## Welfare Reform: A Persistent Quest

BY WILBUR J. COHEN

*Dean of the School of Education, University of Michigan*

IN THE NEW YORK TIMES of July 18, 1971, William V. Shannon said: "If there were a single solution to the welfare and poverty problem, we would have thought of it long ago."<sup>1</sup>

The Elizabethan poor law, enacted by the English Parliament in 1601, was clearly a significant reform of the chaotic welfare situation which had existed during the previous century in Great Britain. By placing responsibility on each local community for the care of the poor, it was hoped that a more manageable and, at the same time, more humanitarian approach would be adopted by local authorities. Ever since, for 370 years, welfare reform has been a recurrent, persistent and controversial issue in Great Britain and subsequently in the United States. Welfare reform became a national issue in the United States in the 1850's. Local inability to deal with the problem of the mentally ill led to the passage of legislation in

Congress in 1854 to provide federal aid to the states in the form of land for the construction of facilities for the care of the insane. President Franklin Pierce vetoed the bill on the grounds that it would set a precedent which might lead to federal participation in programs for other indigents.

The great depression of the 1930's brought with it the first major reform of the Elizabethan welfare system in the United States, long after the system had been reformed in Great Britain. The establishment of county and state laws to provide aid to the blind, widows and orphans, and the aged (1900-1929) and federal financial support and federal requirements in the Social Security Act (1935) which created state statutory rights to payment marked a basic departure from the Elizabethan welfare system. After 334 years of operation, the "breakup" (as advocated by Sidney and Beatrice Webb in 1909 in Great Britain) of the Elizabethan poor law began to take place in the United States.

A fundamental change in approach

<sup>1</sup>Newspaperman William V. Shannon is on the editorial board of *The New York Times*.

occurred with the establishment of old age and unemployment insurance as part of the social insurance programs in the Social Security Act. Social insurance institutions evolved out of widespread pressures for welfare reform to alleviate the impact of poverty. Social insurance received major impetus from the middle class aversion to the stigma and humiliation of the investigation involved in the needs test in welfare. These objectives resulted in the provision of statutory benefits as a matter of explicit legal right, subject to administrative and judicial protections, with benefits paid according to a specific objective formula whether recipients were poor or not. About 33 to 40 per cent of all social insurance beneficiaries (approximately 11 million persons at the present time) would be added to the number of persons living in poverty if existing social insurance programs were repealed. While a major proportion of social insurance beneficiaries live above the poverty line, many others are in the near poor or low income groups.

Social insurance is designed to prevent poverty and humiliation. It is designed to enable individuals to build additional protection on the base provided by the program. Its contribution to welfare reform has been tremendous. By reducing the number of poor persons and making payments to the "deserving poor," it has, however, resulted in a concentration of poor individuals on welfare who are considered by many in the community to be less deserving or not deserving at all. Thus, as the number of widows and orphans needing welfare declined (due in part to expanded insurance protection) and the number of women with children born out of wedlock increased on the welfare rolls, the welfare system came under greater criticism, and with it grew the demand for welfare reform.

### THE NEGATIVE INCOME TAX

A major factor in producing a new climate of opinion about welfare reform appeared in 1962, when Professor Milton Friedman of the University of Chicago (generally considered a "conservative" economist and an adviser to

Presidential candidate Barry Goldwater 1964) began to advocate the "negative come tax" as a substitute for existing welfare and other public income maintenance programs.

Proposals for reform of the welfare system and for new programs like the negative come tax have important implications for existing social insurance programs. A major administrative question is whether any new programs should be administered by the social security administration or by the income tax system of the government. More basic is the question should any negative income tax be a substitute for all other programs (which Professor Milton Friedman has suggested) or should it be an underpinning to all other programs?

Economists generally advocate some kind of income redistribution, a negative income tax, or a minimum income guarantee as a simplistic solution to the welfare or poverty problem. They contend that by paying money to large numbers of persons (including the working poor) through an institution like the Bureau of Internal Revenue, the nefarious welfare system can be abolished; true welfare reform can be achieved.

But members of the general public and Congress ask many specific questions which the economists cannot answer authoritatively without actual operational experience. What effect would such a plan have on work incentives? Would some people quit work if the payment is set at \$3,000 for a family of four, or if the payment is \$4,000, or \$5,000? What effect would such payments have on minimum wages and on the supply of labor for unskilled work? What effect would it have on mobility, earlier marriages, more children or the establishment of separate households? What impact would it have on the self-supporting family whose income is just slightly above the income level of the plan? What would happen if the voters decide to change the plan after some experience with it?

If the payment level is set too low, a welfare supplementation system will be needed to care for demonstrated need. If the payment is set at a relatively high level, a



effect would it have on the economic system? What is the "right" level of payment, considering all the factors?

All plans which provide payments to the working poor—whether through a reform of the welfare system or by the establishment of a wholly new system of negative income tax payments—run into the difficulty that "conventional wisdom" indicates that offering the worker a minimum income payment might result in the supervision or regulation of his work, the provision of alternative work opportunities for him or the relocation of his employment. For instance, what happens when the worker decides to work less than full time, quits work or fails to report to work regularly? Who does what then?

Only experience can give some answers to these questions. And experience is likely to indicate that the answers are more varied and ingenious than can be imagined. We know what is wrong with the present welfare system, but we do not know what will work best or work wrong in some new system until it is tried.

We do know, however, that the extent of poverty in the United States declined from 40 million persons in 1959 to 25 million in 1970. The decline in the proportion of population living in poverty was even more significant—from 22 per cent of the United States population in 1959 to 12 per cent in 1970. This achievement should persuade us that we have the capability of reducing the poverty-welfare problem still more in this decade.

## THE NATION'S POOR

The 13 million persons currently receiving welfare payments and the 12 million additional persons who make up the total of 25 million persons with incomes below the poverty line have the common problem of having little or no income. They are usually lumped together by economists and statisticians for economic analysis and policy consideration. It is not that they are not a homogeneous group in terms of political, psychological or personal considerations, and their differences are as important to social policy as their common problem.

The aged, blind, disabled or other handicapped or "unemployable" persons in this group are generally treated differently by the community. They are considered by most people to be the "deserving poor." Community concerns about work incentives, laziness, illegitimate children or large families are not pertinent, and hence no substantial adverse questions or punitive behavioral actions are raised by giving them money. This group involves about 25 per cent of the total group of the poor. They could be raised above the poverty level by immediate legislative action increasing social security benefits and by establishing a federally financed income payment as is provided in H.R. 1 as passed by the House of Representatives in 1971.

The "working poor" consist of many male heads of families who work or want to work but who, because of their lack of skills, education or mobility, and the number of their dependent children, cannot earn enough to support their families. They are considered "deserving," but they have "problems" which may be intensified by any program offering incentives to have more children, to work less, or to quit work and live on the minimum level of income guarantee.

The family headed by a woman whose husband has deserted her or whose children have been borne out of wedlock raises many vexing questions for the community. Do income payments to broken families encourage illegitimacy or desertion? Should such a mother be required to work or take training? At what job and pay? Should the mother be wholly free to decide whether to work or stay home and care for the children and receive an income payment? Will day care for her children help the family?

## REASONS FOR WELFARE

Attitudes toward the welfare program and its reform are basically determined by conventional wisdom as to why individuals apply for welfare. There are those who attribute the need for welfare aid as deriving primarily from *individual* acts of error or fallibility and who believe that many individuals can, if they

wish, remove themselves from the welfare rolls by rehabilitation, motivation, mobility, employment or similar means.

On the other hand, there are those who believe that the failure of *society* to provide the institutional mechanisms to assist individuals to obtain satisfactory wages, housing, insurance protection, access to adequate medical care, training or employment is a major cause of the increase in the number of welfare recipients.

A third approach recognizes that there is an *interaction between individual and societal responsibilities* and that it is easy to attribute blame to individuals or society or both but that it is more important to establish public policies and programs which reduce the need for welfare.

As time goes on, a larger and larger proportion of the poor actually receive welfare. In 1959, only about 8 million of the 40 million poor received welfare payments—about 20 per cent. In 1970, about half of the smaller number of 25 million poor were receiving welfare. As the number of persons living in poverty is reduced and the proportion receiving welfare payments is increased, it is clear that more is being done for the poor. At the same time the problem becomes more visible and more subject to criticism, controversy and legislative review.

### ILLUSIONS OF REFORM

Welfare reform à la President Richard Nixon, H.R. 1, Friedman or anyone else in our competitive, work-oriented, urban and nuclear family society is likely to be incomplete, inadequate and illusory in any final sense. It can only be a step in a complex chain of events, experiences and trial and error (with emphasis on the probability of error). But as long as individuals make mistakes, as long as society fails to remedy basic difficulties in public education, medical care, social insurance, housing and employment conditions, there will be a need for some kind of welfare program, by whatever name it may be called.

Francis Piven and Richard Cloward in their recent provocative book, *Regulating the Poor: The Functions of Public Relief*,<sup>2</sup> conclude that there is not much reason to expect entirely new forms of public assistance. They take the position that, in the absence of economic reform, the explosion of the welfare rolls "is the true relief reform, that it should be defended, and expanded." But they also believe that when large-scale relief programs diminish the proclivities toward disruptive behavior by the poor and "when peace and order reign, the relief concession is withdrawn."

It is doubtful whether either or both of these views will be acceptable policy for the future. But it is still not clear where the continual increase in the welfare rolls will lead us. Continued stress on economic and institutional reforms could reduce the number of persons in poverty and this would eventually reduce the number who will need to remain on the welfare rolls. The following are components of an overall program to reduce poverty and the welfare rolls:

1. Continued and sustained economic growth without inflation or recessions.
2. A comprehensive, nationwide program to eradicate hunger and malnutrition and to provide family planning services.
3. Abolition of all forms of discrimination.
4. A substantial program of public service employment for the hard to employ.
5. Day care facilities for parents who wish to work, with emphasis on child development services to overcome inherited and environmental disadvantages.
6. Improvement of social security virtually to eliminate the need for welfare for the aged, blind disabled, widows and orphans and the unemployed.
7. Housing for low-income families and slum clearance.
8. Reduction in taxes on low-income persons.
9. Elimination of the residential property tax in order to utilize other forms of revenue to ex-

(Continued on page 305)

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Wilbur J. Cohen was Secretary of Health Education and Welfare in 1968–1969, having served in the department since 1961, first Assistant Secretary and then as Under Secretary.

<sup>2</sup> New York: Pantheon, 1971.

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*Although "supporters of the 1935 Social Security Act expected the public assistance components to be 'transitional,'" Aid to Families with Dependent Children "has grown steadily, recently at an increasing rate. After approximately doubling every decade between 1936 and 1966, it redoubled again within the last four years."*

# The Mounting and Insurmountable Welfare Problem

BY SAR A. LEVITAN AND DAVID MARWICK

*Center for Manpower Policy Studies, The George Washington University*

FEDERAL EXPENDITURES in aid of the poor totaled about \$28 billion in 1970.

To meet the diverse needs of the poor, panoply of programs have been implemented with a correspondingly diverse set of objectives, reflecting the many roots of poverty. The employable poor, for example, benefit from training, job creation, placement and supportive services through manpower programs; from increased earnings through minimum wage legislation; and from the economic activity generated by area development efforts. A variety of cash, goods, and services are provided on the basis of previous work experience. The Social Security Act of 1935 established unemployment insurance for those temporarily out of work and a system of cash support and services—expanded into Old Age, Survivors, Disability, and Health Insurance (O.A.S.D.H.I.)—for those who had worked and for their dependents. Both unemployment insurance and O.A.S.D.H.I. are paid regardless of need. Similarly, workers' compensation to alleviate income loss and medical costs due to work-connected injury or death depends on prior work, not current need. Disability, dependence and indemnity compensation payments to veterans are not premised on need. Non-service-connected pensions to veterans and survivors de-

pend on need, and also on prior military service.

Only the assistance provided to the poor on the basis of their need is typically considered "welfare." Thus defined, the welfare system cost federal, state and local governments about \$18 billion in fiscal 1971, divided nearly equally between cash payments and goods and services.

A total of 14.4 million persons received public assistance in March, 1971, at an annual cost of \$10 billion in cash. Aid to the aged, the blind, and dependent children was established by the 1935 Act. The permanently and totally disabled were added in 1950. Under these programs, the federal government contributes more than half of the total cost, but delegates administration to the states within broad federal guidelines. There is, in addition, a network of completely state-administered and financed programs of general income assistance.

The largest of the in-kind programs is medical assistance (Medicaid), available not only to all persons receiving public assistance, but also to other poor people. Outlays had surpassed an annual rate of \$6 billion by early 1971.

Food is the second major category of in-kind aid. Essentially supplanting a once large

**Table I: Number of Public Assistance Recipients, 1950 to 1970**

Program	Thousands of Recipients			
	1950	1960	1965	1970
<b>TOTAL</b>	<b>6,052</b>	<b>7,098</b>	<b>7,802</b>	<b>13,814</b>
Old Age Assistance	2,786	2,305	2,807	2,082
Aid to the Blind	98	107	85	81
Aid to the Permanently and Total Disabled	69	369	557	935
Aid to Families with Dependent Children	2,233	3,073	4,396	9,660
General Assistance	866	1,244	677	1,056

Source: U. S. Department of Health, Education, and Welfare.

program of direct distribution of surplus commodities, the "food stamp" program benefited over 9 million people in fiscal 1971 at a federal cost of \$1.7 billion. Public assistance recipients and other needy persons as determined by the states may exchange money they would normally spend on food for stamps whose value in food stores is about double the cash paid by the poor. The food subsidy is absorbed by the federal government.

Finally, through a variety of efforts, the federal government spends about \$500 million annually to improve shelter. The largest federal program, public housing, subsidizes the construction costs of units developed and owned by local public authorities; these subsidies permit reduced rents at usually half of market rates. More recently, the federal government has expanded housing assistance by subsidizing interest payments. This technique cuts developers' costs and effects lower rates for renters or for low-income homebuyers.

Advocates of in-kind aid to the poor have argued that goods and services must be delivered directly because the free market mechanism responds inadequately to the needs of the poor and that earmarking of funds serves to focus attention on specific needs and thereby expands total aid to the poor. Support for separate programs remains strong, although there is substantial opinion that in-kind aid is demeaning to the poor because it limits their freedom of choice in disbursing income.

#### **THE GROWTH OF "WELFARE"**

Aid to Families with Dependent Children (A.F.D.C.) accounts for 6 of every 10 public

assistance dollars and is virtually synonymous with the term "welfare." Supporters of the 1935 Social Security Act expected the public assistance components to be "transitional" supporting needy persons until the social insurance network replaced welfare. Indeed in Old Age Assistance that has happened. Although there are not many more old people in this country, the number receiving public assistance has actually declined over the last two decades and half of O.A.A. recipients also get O.A.S.D.H.I. benefits. But A.F.D.C. has grown steadily, recently at an accelerating rate. After approximately doubling every decade between 1936 and 1966, it redoubled again within the last four years (Table I).

Most perplexing was the inexorable climb during the unprecedented prosperity of the 1960's. Between 1960 and 1969, the number of Americans living in poverty dropped steadily from 40 million to 24 million (from 22 per cent of the population to 12 per cent); the unemployment rate fell below 5 per cent in 1965 and stayed at that level until the end of the decade. But the A.F.D.C. rose from 2.9 million at the beginning of 1960 to 7.3 million at the end of 1969, and public assistance payments grew from \$1.0 billion to \$3.2 billion.

Although the "causes" of the rise of A.F.D.C. during the post-World War II era cannot be pinpointed, some important contributory factors can be identified. Population growth and changing family patterns have resulted in a rise of female-headed families out of wedlock births, desertions and divorces have increased substantially in the past three decades. (Charges that A.F.D.C. actually fosters illegitimacy are unsubstantiated; it



the structure of benefits can encourage the parents of an unborn child not to marry and in ease the breakup of an existing family.)

Liberalized federal and state laws have helped to increase the number of persons qualifying for A.F.D.C. The 1961 amendments to the Social Security Act extended benefits to children of unemployed but employable males. About half the states have since adopted this provision, which covered a total of 870,000 persons in March, 1971. Federal regulations governing maximum income ceilings and earnings exemptions have also allowed more people to qualify for A.F.D.C., and local welfare agencies have been accepting a markedly high proportion of all applications. Supreme Court decisions have also swelled relief rolls. In 1961, the Court ruled against provisions which allowed states

to disqualify families from assistance unless they maintained a "suitable home," a necessarily subjective criterion. The "man in the house" rule which had barred women living with a man other than the father of her children from receiving assistance was voided in 1968. In 1969, the Court struck down states' residency requirements. Mobility has always been a characteristic of the American population and many who migrated from rural areas to urban centers after World War II ended on welfare, although this was rarely their goal. Residency requirements were enacted in large part to discourage such migration.

Perhaps the most fundamental basis of the increase has been the broader attractiveness

of A.F.D.C. relative to other sources of income. Between 1947 and 1962, average A.F.D.C. payments kept pace with spendable average weekly earnings of all private employees, which rising by about two-thirds. During the following eight years, A.F.D.C. payments increased by 60 per cent while earnings rose 37 per cent. Substantial expansion of in-kind benefits for A.F.D.C. clients—not reflected in cash payments—have tilted the balance even more in favor of welfare. The faster rate of A.F.D.C. payments is especially significant to female-headed families—who are at the heart of the current welfare "problem"—because they did not share fully in the un-

precedented economic expansion of the 1960's. Poverty became increasingly concentrated in these families; in 1969, they contained only 12 per cent of all children, but 45 per cent of those living in poverty. Even for those who want to be self-supporting, a considerable work effort is required to equal available public assistance, and in some instances public assistance payments surpass the earnings capacity of recipients even when they gain full-time employment.

The full value of available benefits (cash payments, food stamps, medicaid and perhaps public housing) is likely to be very attractive when contrasted with meager net earnings (after payroll deductions and child care and transportation expenses). Not only have tangible benefits been increased, but the intangible barriers to welfare have been lowered. Simpler methods of determining eligibility for A.F.D.C. have reduced "snooping" by welfare workers and the attendant stigma. Groups such as the National Welfare Rights Organization have worked to promote the concept of welfare as a "right" which people should not hesitate to use. When giant corporations and wealthy farmers successfully seek government handouts, the poor are less reluctant to accept aid.

#### **THE WELFARE "PROBLEM"**

Those who foot the bill have never liked public assistance programs. But antagonism to A.F.D.C. is unusually fierce. The changing characteristics of its recipients during the past quarter-century would probably have given rise to much opposition even if the financial costs had not become so considerable. Perhaps the most salient change has been in the reasons for lack of parental support. Widows and fatherless children have traditionally been accepted as public charges when their status was due to a catastrophe, such as the death or incapacity of the father. Unmarried mothers or mothers whose husbands desert after marriage have been considered less "deserving" because their circumstances are, at least in part, the result of their own actions. The proportion of A.F.D.C. families whose fathers are dead or disabled has plum-

meted steadily from nearly three of every five in 1948 to fewer than one in five two decades later. Meanwhile, the incidence of living but absent fathers has increased during the same period from nearly half to fully three-quarters of all A.F.D.C. cases and the proportion of unmarried mothers has doubled to two in seven. Opposition to A.F.D.C. has also been intensified because of the rise in the proportion of nonwhites among recipients, from about three in ten in 1948 to nearly five in ten, a proportion that remained constant during the 1960's.

Other objections are based on charges of inequity. The increase of A.F.D.C. relative to wages, mentioned above as a factor in A.F.D.C.'s growth, has nourished opposition because millions of workers do not earn enough to escape poverty. The unfairness is obvious when welfare mothers, most of whom do not work, receive incomes which compare favorably with the earnings of full-time workers, and while the number of working mothers in the population has grown constantly since the early days of A.F.D.C. The participation of mothers in the labor force has climbed from one in ten in 1940 to one in two with work experience in 1969, including four of every nine mothers with children under age 6. Under these circumstances, forcing welfare mothers into employment becomes increasingly palatable to opponents of the burgeoning welfare system and to many Americans who have a low opinion of welfare recipients. But the image that A.F.D.C. mothers shun work is distorted. Leonard Goodwin of The Brookings Institution has found, for example, that the "work ethic" in welfare mothers is actually similar to that of suburbanites.<sup>1</sup>

Not only have the recipients changed in their personal characteristics but in their geographic distribution as well, with profound results. Over time the welfare population generally, and especially the A.F.D.C. population, has become concentrated in a few states.

By early 1971, the two most populous states, California and New York, contained 19 per cent of the total population, but 29 per cent of all A.F.D.C. recipients. The top six states (including California and New York) contained 38 per cent of the total population and 48 per cent of all A.F.D.C. recipients. Ten per cent of the population of California and New York receive welfare, as do 8 per cent of the population of the top six states. There has been a similar concentration of public assistance recipients in large cities. Although only 7 per cent of the total population received welfare in February, 1971, the proportion was 10 per cent in the 26 cities with a population of at least half a million. Eight of these cities (Baltimore, Boston, Los Angeles, New Orleans, Philadelphia, New York, St. Louis and San Francisco), welfare recipients constituted more than one-eighth of the population. At the top of the list was Boston, with one person in six on welfare. New York City, with 15 per cent, was in third place just behind Baltimore.<sup>2</sup>

Dissatisfaction with welfare has been exacerbated by steadily mounting costs. On a national basis, the proportion of the Gross National Product (the value of all goods and services produced) distributed through public assistance programs had climbed from 0.5 per cent in 1945 to 0.8 per cent in 1960 and 1.2 per cent in early 1971. Nor is this an increasingly heavy burden borne evenly by states and cities. Costs depend on the size of the welfare caseload and the level of benefits and are largely the result of state action. Although the federal government pays more than half the cost, states have substantial latitude in establishing qualifications for aid, including aid to unemployed but employed fathers, aid to children over 18 while attending school, and limitations on ownership of property and other assets. Each state sets its own benefit level; payments vary widely. Average grant per A.F.D.C. recipient in March, 1971, ranged from \$14 in Mississippi to \$78 in New York, averaging \$50 the country. The variation in welfare utilization is also great. In 1968, the proportion of poor persons who were A.F.D.C. recipients

<sup>1</sup> See Leonard Goodwin's article in this issue.

<sup>2</sup> Editor's note: At this writing, it is reported that in Philadelphia 1 person in 6 is on welfare.

is twice as high in Chicago and Philadelphia in Atlanta, and four times as high in New York City.

The total welfare bill is apportioned to the federal, state and local governments. The federal government pays \$15 of the first \$18 is 50 to 60 per cent (depending on state per capita income) of the next \$14, up to a maximum average monthly payment of \$32 per recipient. In the two of every three states which pay more, therefore, the states and localities are completely on their own for all payments over \$32 per recipient. Each state and its cities work out their own cost-sharing arrangements.

All the variability of benefit levels and of state-local cost-sharing leads to great diversity in the distribution of costs among governmental levels. In 1970, the federal government paid 54 per cent of the total national A.F.D.C. bill; states, 35 per cent; and localities, 11 per cent. The federal government paid more than three-quarters in 13 states and less than half in 11, ranging from 83 per cent in Mississippi to 39 per cent in New Jersey. Thirty-four states picked up the rest of the tab, without requiring localities to share in the costs; in seven states localities paid more than one-fifth of the total cost. For hard-pressed state and local governments, growing welfare outlays are cause for grave concern. In early 1971, Governor Ronald Reagan of California, noting that welfare costs were increasing more than three times as fast as revenues, contended that welfare has proliferated and grown into a "cancer of unsupportable proportions." Mayor John Lindsay of New York City, where welfare costs absorb one-quarter of the budget, filed suit against the federal and state governments, claiming that welfare regulations would bankrupt the city. Governor Nelson Rockefeller of New York complained that the welfare "emergency is so serious and great that we cannot continue," while Governor Richard Ogilvie of Illinois protested that the rise of welfare costs would absorb fully 85 per cent of the growth in state revenues during the next year.

The mounting welfare burden is bringing

forth reaction from all levels of government. Federal efforts initiated in 1962 to "rehabilitate" relief recipients have been expanded and recast to substitute "workfare for welfare," to use President Richard Nixon's slogan. A freeze on A.F.D.C. rolls was passed by Congress in 1967, but rejected a year later, the day before it was to become effective. In considering an overhaul of the welfare system, Congress is becoming increasingly hard-nosed.

After consistently increasing allotments during the 1960's, many states, too, are now attempting to tighten eligibility and reduce payments. A survey by the Department of Health, Education, and Welfare in July, 1971, disclosed that nine states had acted to reduce A.F.D.C. benefits within the previous year; 11 others expected action on a reduction; 24 expected no change; and 10 had acted, or were expected to act, to increase benefits. The most famous actions occurred in California and New York, which have the largest A.F.D.C. rolls. In hopes of "excising the cancer eating at our vitals," Governor Reagan began to pare the welfare rolls by administrative action, and pushed for legislation to place a ceiling on state spending for welfare. Governor Rockefeller led the fight to cut by 10 per cent money payments; reduce by 10 per cent the ceiling for Medicaid eligibility; and require that welfare recipients pick up their checks at a state employment office. In each state, a small decline in caseloads has been hailed as evidence of the effectiveness of tougher measures. Other states which have enacted, or expect to enact, cuts include Illinois, New Jersey, Pennsylvania and Texas.

*(Continued on page 305)*

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*"Actually the War on Poverty was conducted as a sitzkrieg—a phony war of stalemate and standstill," concludes this author, who believes that "What was needed was not the paltry handouts of the Great Society but rather a fundamental commitment to spend the funds necessary to provide real opportunity for social mobility in the inner cities and depressed rural areas."*

## The Phony War on Poverty in the Great Society

BY RICHARD M. PIOUS

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THE COMMUNITY ACTION PROGRAM (C.A.P.) of the Office of Economic Opportunity (O.E.O.) was the largest and most controversial of all O.E.O. programs during the "Great Society" years, 1964–1968. Both a service agency and an administrative mechanism, it was conceived as an attempt to change the operations of American public administration. While many of its service operations were successful, its more ambitious goals failed.

Historically, America's urban poor were aided by extended family ties, immigrant aid societies and political parties. By the end of the nineteenth century, the settlement house movement and professional social workers were engaging in lobbying efforts on behalf of the poor, and the Progressive movement was influenced strongly by these efforts. But after

World War I, political activities were discontinued by social workers, in part because they had discovered psychoanalysis and began to treat "clients" through casework and individual therapy, and in part because the Charity Organization Societies emphasized the effective management of scarce resources and fund-raising from business sources.<sup>1</sup>

During the Depression, the national government created collective bargaining machinery and the rudiments of a social welfare state (wage and hours legislation, minimum wage standards, social security pensions, and employment insurance). After World War II, industrial workers were fast becoming a propertied working class, aided by federal mortgage money for suburban development and the federal trust funds for highways.<sup>2</sup>

On the other hand, the rural poor, unskilled industrial workers and those employed in charitable or educational institutions remained outside the unions and unprotected by forms of social insurance. As the industrial workers left the cities for suburbia, they were replaced in the central cities by southern blacks and mountain whites, reservation Indians, Puerto Ricans and Mexican-Americans.<sup>3</sup> Those new urban poor who were unable to find work were maintained primarily

<sup>1</sup> Cf. Ralph and Muriel Pumphrey, eds., *The Heritage of American Social Work* (New York: Columbia University Press, 1961); Robert Bremner, *American Philanthropy* (Chicago: University of Chicago Press, 1960).

<sup>2</sup> Cf. E. E. Schattschneider, *The Semi-Sovereign People* (New York: Holt, Rinehart & Winston, Inc., 1960).

<sup>3</sup> Dorothy Newman, "The Negroes' Journey to the City," 88 *Monthly Labor Review* 502; Harry Caudill, *Night Comes to the Cumberland* (Boston: Atlantic Monthly Press, 1963); Dan Wakefield, *Island in the City* (New York: Houghton-Mifflin, 1957).

rough the intergovernmental welfare system (although a small minority became involved in syndicated crime—numbers, dope, prostitution).

In the 1950's, hiring conditions in the central cities deteriorated even while urban renewal and highway development proceeded. The welfare grant system did not enable people to find jobs and become self-supporting; the educational systems did not educate; public housing kept the poor segregated from the industrial expansion. Public and private agencies which dealt with the poor operated with insufficient resources, without reference to each other and often at cross purposes, and without the democratic participation of the poor. These agencies operated by administrative fiat, and often terminated services or benefits without granting their recipients due process constitutional rights.<sup>4</sup> The well intentioned efforts of philanthropic agencies and welfare statisticians had produced administrative chaos and dehumanization of the poor.

#### THE DEMONSTRATION CORPORATIONS

In the late 1950's, the settlement houses of the Lower East Side of New York began to shift their focus from the problems of the European immigrants to those of black and Puerto Rican youths in the community. In doing, they set into motion the events which resulted in funding demonstration programs by public and private agencies which were the forerunners of the War of Poverty.

Between 1957 and 1961, a program for the Lower East Side was developed by Richard Cloward and Lloyd Ohlin, two professors of the Columbia University School of Social Work. They rejected the traditional assumption that juvenile delinquency was primarily a psychological problem and could be prevented by counselling and casework services. Instead, they restored the Progressive emphasis on the social causes of deviant behavior,

and argued that juvenile delinquency in the slums was caused by lack of opportunity for upward mobility for the youths. Cloward and Ohlin received funds from the Ford Foundation, the National Institute of Mental Health, the President's Committee on Juvenile Delinquency and Youth Crime, the Department of Labor, and the City of New York to sponsor a new agency, Mobilization for Youth, which would attempt to change community institutions and develop opportunities for advancement for black and Puerto Rican youths.<sup>5</sup>

When Mobilization began operations in 1962, some of its programs did attempt social and political action. The "Community Organization Unit" organized youths into social clubs. The unit and the clubs engaged in rent strikes, civil rights marches, school boycotts, and demonstrations at welfare centers. They protested alleged police brutality, demanded a free subway transfer from a local bus line, and protested the shortchanging of municipal services in the area.<sup>6</sup> The tactics of the clubs were designed to gain a number of goals: first, a tangible increase in public resources committed to the community; second, some voice for the residents in the operations of institutions that affected their lives; and third, due process constitutional rights for recipients of goods and services from municipal and state agencies. The ultimate goal of the C.O. Unit and the Research Unit (headed by Cloward) was to gain community control of local institutions. To that end, voter registration drives were conducted in the hope that liberal politicians would be elected and that the local Democratic party organization might become responsive to blacks and Puerto Ricans.

Some of the Mobilization programs opposed a political strategy. Both the educational and vocational training programs (World of Work and World of Education) preferred to cooperate with local agencies and augmented the resources of the bureaucracies. These units concentrated on providing services to slum children and juveniles to fit them for the employment market. Their primary concern was to promote innovation in

<sup>4</sup> Charles Reich, "The New Property," 73 *The New Law Journal* 733.

<sup>5</sup> Frances Piven, "Conceptual Themes in the Evolution of Mobilization for Youth" *MFY Training Papers*, Vol. II, p. 3.

<sup>6</sup> *Action on the Lower East Side* (MFY Annual report, 1964).



the delivery of services in the bureaucracies, and as such their personnel concentrated on research and the dissemination of research results.<sup>7</sup>

The Ford Foundation and the federal government funded a number of other demonstration programs in the early 1960's, and all of them emphasized services, training or research. None followed the Cloward-Ohlin approach. In New Haven, the program was dominated by the same "executive centered coalition" of politicians and financial leaders that had developed the urban renewal program.<sup>8</sup> Other programs were funded by the Ford Foundation in Boston, Philadelphia, and Oakland, and planning grants were made by the federal government for delinquency programs in 15 cities.<sup>9</sup>

The emphasis at the Ford Foundation and in the federal government was on social planning on behalf of the poor by qualified professionals. In spite of some rhetorical flourishes, the emphasis was on managerial effectiveness in the allocation of resources rather than on political action. The community

corporations developed in this period owe more to the model of the Charity Organization Societies than to the Progressive tradition of political action embodied in the Mobilization for Youth Program.

By 1964, there were two distinct approaches toward social planning for the poor: the first was political and involved the organization of indigenous community groups; the second was managerial and emphasized cooperation with dominant local groups. When the War on Poverty began late in 1964, it was unclear which approach would prevail in the Community Action Program. Ultimately a third approach, the service strategy, was employed at the expense of the other two.

### PLANNING FOR COMMUNITY ACTION

An effort to help the poor was proposed by President John F. Kennedy in the summer of 1963, but the actual drafting of legislation in the executive branch was ordered by President Lyndon Johnson just after the assassination of President Kennedy.<sup>10</sup> The President created a Task Force consisting of officials from the Council of Economic Advisers and the Bureau of the Budget to draft the bill. He placed the following constraints on the planners:

1. Human renewal rather than physical renewal
2. No massive aid to education;
3. No cash payments for the poor;
4. A spending limitation of \$500 million in the first year.

The War on Poverty was conceived by the President as an incremental addition to the \$31 billion spent by the federal government, the \$13 billion spent by state and local governments, and the \$2.5 billion spent by private agencies on goods and services to the poor in 1963-1964.<sup>11</sup> It did have the advantage, in an election year, of being a symbol of presidential commitment of concern for poverty—at a cost of less than \$20 per indigent.

The Task Force turned to the "community action" concept embodied in the demonstration corporations. The Bureau of the Budget in particular thought that these corporations could coordinate all the various existing and planned social welfare programs locally. The

<sup>7</sup> Mel Herman and Bernard Rosenberg, "Effecting Institutional Change Through a Demonstration Project," *MFY Training Papers*, Vol. II.

<sup>8</sup> Robert Dahl, *Who Governs?* (New Haven: Yale University Press, 1961), pp. 115-141.

<sup>9</sup> Cf. Peter Marris and Martin Rein, *Dilemmas of Social Reform* (London: Atherton, 1967), Chapter One: "Origins of Community Action"; also Frederic Cleaveland et. al., *Congress and Urban Problems* (Washington, D.C.: The Brookings Institution, 1969), John E. Moore, "Controlling Delinquency."

<sup>10</sup> The following discussion draws generally on Sar Levitan, *The Great Society's Poor Law* (Baltimore: Johns Hopkins Press, 1969) pp. 3-47; James L. Sundquist, *Politics and Policy* (Washington, D.C.: The Brookings Institution, 1969), pp. 111-155; and John Donovan, *The Politics of Poverty* (New York: Pegasus, 1967), pp. 17-38.

<sup>11</sup> Federal expenditure taken from the O.E.O. study, "Federal Programs Currently Operating to Combat Poverty" (Washington, D.C.: 1964); other data from the O.E.O. study, "The Anti-Poverty Programs in the United States" (Washington, D.C.: 1965).

<sup>12</sup> In 1959, there were 32.2 million Americans living in poverty, according to a study prepared for the Joint Economic Committee of Congress by Robert Lampman, *The Low-Income Population and Economic Growth* (Washington, D.C.: 1959); by 1964 the number had increased to 34 million, according to a study made by Lampman and included in Chapter II of the Council of Economic Advisers' *Annual Report* (Washington, D.C.: 1964). Cf. Mollie Orshansky, "Counting the Poor," *Social Security Bulletin*, January, 1965.

corporations could become an administrative mechanism to bring order to the intergovernmental grant system.<sup>13</sup>

Plans to spend \$500 million on a coordinating mechanism did not appeal to the agencies which would be affected: the Departments of Labor, Health, Education, and Welfare, and Agriculture thought that the proposed corporations would interfere with their operations. Each department suggested that the money should be spent on goods and services for the poor, and each naturally proposed programs to spend the major portion of the funds.<sup>14</sup>

To resolve the controversy, the President appointed a new task force in February, 1964. It was chaired by Sargent Shriver, Director of the Peace Corps, and consisted of career and political officials from the departments, oriented toward service programs rather than toward abstract notions of comprehensive social planning.<sup>15</sup> The task force planned a community action program but divested it of any power to coordinate programs of the departments. Instead of ten large programs, the task force proposed funding 1,000 small ones, in rural areas and reservations as well as in cities. Instead of binding allocation of resources, the local corporations would provide additional services, to be agreed upon by members of the community in a process of "consensus-building." The corporations would provide funds for locally initiated programs, as well as services offered through C.E.O., such as Headstart (preschool education) and medical and legal services. The task force also created a number of programs for the poor independent of the Community Action Program: Job Corps (vocational training), VISTA (a volunteer program) and several others. The overall agency, the

Office of Economic Opportunity, was placed in the Executive Office of the President rather than in one of the existing departments to avoid interagency competition.

On March 16, 1964, the President sent his Economic Opportunity legislation, complete with a Message on Poverty, to the 88th Congress. The Democrats made its passage into a partisan issue, while the Republicans did not offer a serious critique of the measure, but instead proposed an "Opportunity Crusade" which would have provided \$1.5 billion over three years for education and training programs administered by state agencies. With some minor changes, the Democratic measure was passed by a partisan majority in each house and signed into law on August 20, 1964. It authorized \$962.5 million in its first year of operation—less than \$30 worth of services and coordination for each poor person.

The Economic Opportunity Act was the work of the Executive Branch. Congress did not consider it thoroughly or improve it significantly. It did not represent grass roots public opinion or the wishes of state and local party leaders or public officials. Neither unions, civil rights groups, or corporate management were involved in the drafting. The new program had no political base of support.

On the other hand, it had a set of potential enemies. The Republicans in Congress were ready to make the administration of the program an issue. Federal agency officials viewed it as a threat to their jurisdiction if it coordinated any functions, or as a potential competitor in offering services. State agency officials viewed with alarm the weakening of the traditional intergovernmental grant system which sent money from the national government to the states, since the War on Poverty began a direct federal-local relationship. For their part, county officials and mayors feared that they might be bypassed and funds distributed directly to community corporations controlled by neighborhood groups or civil rights groups. As the bill was drafted, no one knew precisely who would control the new community action corporations.

The authority for C.A.P. to fund a "Com-

<sup>13</sup> Cf. James Sundquist, *Making Federalism Work* (Washington, D.C.: The Brookings Institution, 1969).

<sup>14</sup> Cf. James Sundquist, *Politics and Policy*, pp. 40-155.

<sup>15</sup> Including Adam Yarmolinsky (Defense), Hyman Bookbinder (Commerce), Daniel Moynihan (Labor), Harold Horowitz (H.E.W.), James Sundquist (Agriculture), Richard Boone (President's Committee on Juvenile Delinquency and Youth Crime), Frank Manciewicz (Peace Corps), and Paul Ylvisaker (the Ford Foundation).

munity Action Agency" (C.A.A.) at the local level was contained in Title II of the Economic Opportunity Act. The C.A.A.'s could be statewide, multi-county, countywide, city-wide, or consist of a subdivision of a county or city. They could be public bodies or private organizations.<sup>16</sup> The act left unresolved potential state-local and local-neighborhood conflicts by leaving the constituencies of the C.A.A.'s undefined.

The functions of the C.A.A.'s were also ambiguous. The C.A.A. was defined in the act as an agency which:

provides services, assistance, and other activities of sufficient scope and size to give promise of progress toward the elimination of poverty or cause or causes of poverty through developing employment opportunities, improving human performance, motivation, and productivity, or bettering the conditions under which people live, learn, and work.<sup>17</sup>

The language could apply to civil rights activists, community organizers, professional social workers, or indeed almost anyone. The C.A.A. could be an advocate for the poor, a layer of local bureaucracy, or a dispenser of services.

Title II did not detail how the governing board of the corporation would be chosen, nor to whom it would be responsible. It did define the C.A.A. as a program

which is developed, conducted, and administered with the maximum feasible participation of the residents of the areas and members of the groups served.<sup>18</sup>

The planners never intended this language to mean that the poor would control the program, although this did not prevent local groups from interpreting the provision that way. But politicians would be held responsible by the electorate if the C.A.A.'s became advocates for particular groups and engaged in political action. The resulting clash was not difficult to foresee. In the words of John Donovan:

Increasingly, "community action" and "maximum feasible participation" became focal points

in a vast, continuing political struggle between big-city mayors and militant leaders of the urban Negro poor.<sup>19</sup>

## GRANTSMANSHIP IN THE GREAT SOCIETY

With few exceptions, most of the thousand C.A.A.'s funded in the Great Society failed to incorporate either the political or the managerial approaches to community action. Instead, they were service-oriented bureaucracies dominated by county or city political leaders and their allies, the financial and commercial elites. For the Democratic politician of the large cities and the rural Southern counties the War on Poverty was seen as a source of funds for goods and services needed by the poor which would translate into vote for their party. The War on Poverty was part of the coalition politics that has been practiced by the Democrats since the Depression. It also provided the political leadership with patronage to coopt community leader and with contracts to provide services for professionals (lawyers, doctors, teachers) and local corporations.

But control by established political leadership undercut the indigenous community leaders, who were denied the resources to organize the poor around local issues. This meant that effective challenges against unresponsive local party organizations could not be mounted. It also meant that the development plans of the local political leadership could not be challenged: highways were planned through slum areas; speculative real estate development was sponsored under urban renewal programs; and economic development grants continued to benefit other sections of the city or metropolitan region. Leaders of the poor were coopted by the politicians and speculators or they were ignored and discredited.

The established political leadership was rarely defeated once it sponsored an application or attempted to gain control over an existing anti-poverty agency for the following reasons:

1. It was O.E.O. policy to merge competing applications; this prevented the formation of neighborhood C.A.A.'s;

<sup>16</sup> *Public Law 88-452*, Title II, sec. 202(a)(1).

<sup>17</sup> *Public Law 88-452*, Title II, sec. 202(a)(2).

<sup>18</sup> *Public Law 88-452*, Title II, sec. 202(a)(3).

<sup>19</sup> Donovan, *op. cit.*, p. 44.

1. Political leaders used coopted neighborhood "leaders" to sponsor applications, sit on governing boards, and administer programs, thus satisfying the "maximum feasible participation" requirements;
2. O.E.O. cooperated with political leaders in reorganizing programs under neighborhood control, such as Mobilization for Youth and Haryou-ACT in New York City, and the Syracuse Community Development Association;<sup>20</sup>
3. The O.E.O. statute provided for a governor's veto (1964) unless overridden by the O.E.O. Director in 30 days (1965); the O.E.O. would make concessions to state and local political leaders to avoid the veto;<sup>21</sup>
4. In 1967, Congress passed the "Green Amendment" which permitted a city or county to designate itself as the C.A.A. or alternatively to name one-third of the board members. Less than 4 per cent of the C.A.A.'s were eliminated, but the amendment ended any possibility that the corporations could challenge local political leaders.<sup>22</sup>

Competition for grants and contracts among local governments, states and corporations is typical in American public administration. There is nothing unusual in the fact that public officials at the local and state levels join with private individuals and congressional delegations in attempting to influence decisions in the executive branch.<sup>23</sup> The O.E.O. was particularly vulnerable to such influence because it lacked a political base of support either in the Democratic Party in Congress or with the President. Its coalition in Congress was so fragile that it had to appease congressmen and local influentials in order to avoid crippling amendments or a governor's veto. The neighborhood leaders had neither the expertise or the political power in Congress to compete on even terms

with their opponents. As Daniel P. Moynihan assessed the results:

At the risk of oversimplification, it might be said that the C.A.P.'s most closely controlled by City Hall were disappointing, and that the ones most antagonistic were destroyed.<sup>24</sup>

The results of the competition for grants ended the possibility that a political action approach to community action would be used by the C.A.A.'s. One might have expected that the managerial approach would have succeeded. It was not incorporated into the C.A.A.'s for the following reasons:

1. O.E.O. officials urged C.A.A.'s to begin service programs before the completion of comprehensive plans, so that congressional support for the War on Poverty would increase;
2. The C.A.A.'s did not hire personnel capable of social planning, in large part because there were few people who knew what it was or how to do it;
3. The C.A.A.'s were undercut by service programs in O.E.O. and the national departments and by state and municipal agencies, all of whom refused to relinquish their operating autonomy;
4. Local political leaders allied with the service agencies and professional associations against the C.A.A.'s;
5. Congressional committees supervising the O.E.O. supported the service agencies and professional agencies against the C.A.A.'s;
6. Neither the President, the Bureau of the Budget, or the O.E.O. Director were able to convince Congress or the departments to give C.A.A. a coordinating and planning role.

Each component service program of O.E.O., such as the Legal Services Program, the Comprehensive Medical program, Headstart and Upward Bound, developed its own relationships with officials at the local level, its own national advisory committees, its own alliances with professional associations, and its own set of program guidelines. Each program supervised its field personnel and reduced the role of the C.A.A. to that of paper-shuffling.<sup>25</sup> This pattern of operation was formally ratified by Congress in 1967 when it designated six C.A.P. service programs as "National Emphasis Programs" to be funded by C.A.P., affiliated with the C.A.A.'s, but actually operated by program officials without interference. Between 1965 and 1968,

<sup>20</sup> Kenneth Clark and Jeanette Hopkins, *A Reluctant War Against Poverty* (New York: Harper & Row, 1968), p. 152.

<sup>21</sup> Between 1965 and 1968 there were 39 governor's vetoes of C.A.P. programs, of which 23 were in Southern states.

<sup>22</sup> *Public Law* 90-222, Title II, sec. 211.

<sup>23</sup> The process is described generally by Morton Rodzins, *The American System* (Chicago: Rand McNally, 1966), Chapter Nine; "The Mobilization Public-Private Influence."

<sup>24</sup> Daniel P. Moynihan, *Maximum Feasible Misunderstanding* (New York: Free Press, 1968), p. 1.

<sup>25</sup> Cf. Richard Pious, "Politics and Administration: The Case of the Legal Services Program," *Politics and Society*, May, 1971.



these nationally organized service programs accounted for three-fifths of the \$2.5 billion spent by C.A.P., leaving less than half the funds for programs run by the C.A.A.'s.

Social planning and local coordination remained elusive goals for C.A.P. As Jack Wofford, one of the drafters of poverty legislation, summed up the results:

Most community action proposals were little more than a number of separate "component programs" put together in one binder. It was the rare community that developed those linkages among programs that community action was supposed to facilitate.<sup>26</sup>

During the Great Society years, the number of domestic welfare programs operated by intergovernmental grant or contract systems increased tenfold, from 40 to about 400, while total expenditures doubled to over \$18 billion.<sup>27</sup> Not only did the C.A.A.'s fail to coordinate these programs (most of them involving only small amounts) but they complicated other efforts at coordination. They competed with the "Model Cities" programs of the Department of Housing and Urban Development, and mechanisms developed by the Labor, Commerce and Agriculture Departments.<sup>28</sup>

The President declared a "War Against Poverty" and Congress passed a bill "To mobilize the human and financial resources of the nation to combat poverty in the United States."<sup>29</sup> Actually the War on Poverty was conducted as a *sitzkrieg*—a phony war of stalemate and standstill. The following table shows the funds the President requested and Congress appropriated for the

O.E.O. during the years of the Great Society:\*

<i>Fiscal Year</i>	<i>President (request)</i>	<i>Congress</i>
1965	\$ 947.5 million	\$ 800 million
1966	1500 "	1500 "
1967	1750 "	1687 "
1968	2060 "	1773 "

(\* Source: Sar Levitan, *The Great Society's Poverty Law*, Table 2-3, page 93.)

Community Action Agencies could not provide effective goods and services to more than a small fraction of the poor. Thus, the service approach must be reckoned a failure even though many people who received services undoubtedly benefitted.

The C.A.P. program could never have embodied a political strategy of local confrontation, since Congress and the President could not realistically have been expected to fund programs to disrupt the routine functions of public administration. On the other hand, the C.A.A.'s might have become coordinators or social planners if the President had moved vigorously to support such a role. Alternatively, the C.A.A.'s could have played a research and development function, taking advantage of the contract mechanism to develop services which bypassed traditional local and state service agencies. In practice, C.A.P. was starved for funds, given more territory to serve than it could handle, and then deserted by politicians who sent it into battle.

What was needed was not the paltry handouts of the Great Society but rather a fundamental commitment to spend the funds necessary to provide real opportunity for social mobility in the inner cities and depressed rural areas. Whether any political administration would have the courage to properly spending the funds needed for services, advocacy, and income maintenance for the poor was a question for the 1970's.<sup>30</sup>

<sup>26</sup> John Wofford, "The Politics of Local Responsibility," in James Sundquist, ed., *On Fighting Poverty* (New York: Basic Books, 1969), p. 75.

<sup>27</sup> Cf. Catalog of Federal Assistance Programs (Washington, D.C., 1967); *Special Analysis: Budget of the United States* (Washington, D.C., 1970), Table 0.3.

<sup>28</sup> See generally James Sundquist, *Making Federalism Work* (Washington, D.C.: The Brookings Institution, 1969).

<sup>29</sup> "Poverty: A Message from the President of the United States," H.R. Document 243, 88th Congress, 2nd Session, p. 3; *Economic Opportunity Act*, Public Law 88-452, August 20, 1964.

<sup>30</sup> One measure of the effectiveness of the program is this: between 1964 and 1971 the number of persons on welfare rolls doubled, and stood at over 14 million persons (*The New York Times*, August 18, 1971).

Richard M. Pious, a consultant to the Legal Services Program, prepared its history for the L. B. Johnson archives. He has contributed to the Senate Subcommittee on Intergovernmental Relations Report: "The Federal System as Seen by State and Local Officials."



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*"Whatever else the poverty program may have accomplished, it fell far short in coordinating public and private resources for a concerted assault upon poverty. Rather than reforming the federal system . . . O.E.O. was largely captured and undermined by the dominant centripetal forces in the system itself." As the Nixon administration "researches" for ways to aid the poor, "the forces of federalism have prevailed."*

## Governors and Mayors View the Poverty Program

By DONALD H. HAIDER

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MOST ACCOUNTS of the poverty programs are not written from the perspective of mayors, governors and county officials, and take little note of these subnational chief executives and their attitudes and reactions to what has been deemed the most far-reaching and controversial legislation enacted during the past decade.<sup>1</sup> Yet it was these officials who were ultimately challenged by the "unconditional war on poverty." They confronted the innumerable forces and pressures unleashed by local poverty instrumentalities and sought absorption of the new poverty agencies and programs into state and local institutions. The roles, attitudes and activities of these political executives are thus of major concern.

It can be argued that the outcome of the poverty program was largely predetermined from the onset. This was the result of the structure and purposes of the program itself—mission, the benefits distributed, the type of funding, the scope of activities and the constituencies served. To focus primarily upon

chief executive officials of state and local governments is not to neglect major considerations of congressional-bureaucratic politics. Rather, it is to suggest that forces generated at the local-county-state levels had their outlets at the national level and affected the policies, the program and overall decision-making.<sup>2</sup>

The Economic Opportunity Act of 1964 consisted of ten separate programs designed to combat national poverty. It was the first major legislation originated under President Lyndon Johnson; indeed it was the core of his 1964 election year program. The legislation's most controversial features were found in Title II, which authorized the creation of the community action program and, secondly, community action agencies (C.A.A.'s), which were comprehensive organizations, either public or private, formed to mobilize available resources for a coordinated attack on poverty. These multipurpose C.A.A.'s were essentially undefined as to geographic and political boundaries and even as to composition and responsibility. Their sole directive: programs were to be "developed, conducted, and administered with the maximum feasible participation of residents of the areas and members of the groups served."<sup>3</sup>

In designating C.A.A.'s as the institutional

<sup>1</sup> Cf. Ben Seligman, *Permanent Poverty* (Chicago: Quadrangle Books, 1971); John Donovan, *The Politics of Poverty* (New York: Pegasus, 1967).

<sup>2</sup> Cf. Morton Grodzins, "American Political Parties in the American System," *Western Political Quarterly* 13 (December, 1960), 974-998.

<sup>3</sup> *Public Law 88-452*, Title II, sec. 202 (a) (3).

vehicles for planning and implementing poverty-related programs, Congress allocated funds to local communities directly, subject only to general definition of purpose. It also delegated to the Office of Economic Opportunity (O.E.O.) and its director extraordinary discretion in setting up and administering the entire program. It was thus an uncommon grant of power and funds. Congress enabled private community groups and organizations to be eligible recipients for up to 90 per cent of the costs of a local poverty program (100 per cent in poorest areas), and left to O.E.O. the choice of which organizations were to be funded.

As little understood or untested as the community action concept was, however, a highly partisan Congress approved the entire program without really probing the meaning, intent or commitment of the community action section.<sup>4</sup> The "maximum feasible participation" provisions contained the seeds of trouble that were to plague public officials on all governmental levels, touching off bitter disputes over who should run, be represented upon, and have the say in controlling anti-poverty programs. Given time, other O.E.O. programs like Headstart, Upward Bound, health and legal services were to achieve their separate identity, support groups, congressional defenders and even popularity. The poverty program, for many, was left synonymous with the controversial community action.

<sup>4</sup> James Sundquist, *Politics and Policy* (Washington, D.C.: Brookings Institution, 1968), ch. 4.

<sup>5</sup> Cf. Richard Blumenthal, "The Bureaucracy: Antipoverty and the Community Action Program," in A. Sindler (ed.), *American Political Institutions and Public Policy* (Boston: Little, Brown, 1969), pp. 129-179; John Bibby and Roger Davidson, *On Capitol Hill* (New York: Holt, Rinehart and Winston, 1967), ch. 7.

<sup>6</sup> U.S. House of Representatives, Committee on Education and Labor, *Hearings on the Economic Opportunity Act of 1964* (88th Cong., 2d. sess., 1964), I, 22-25. Elected officials included Governors Terry Sanford (N.C.) and Michael Di Salle (Ohio); Mayors Richard Lee (New Haven), Jerome Cavanaugh (Detroit), John Houlihan (Oakland), Arthur Naftalin (Minneapolis), and Raymond Tucker, U.S.C.M. president (St. Louis); and Marion Esank (Speaker, Arkansas House of Representatives).

<sup>7</sup> *House Hearings*, 1964, II, 766-767, 825. Mayors included Daley, Walsh, Cavanaugh, Tucker, Wagner (New York), and Briley (Nashville).

The poverty legislation was the product of the Executive Branch and the Democratic administration. Unlike many sweeping national programs with substantial pressures for enactment and congressional advocates, the program had neither a broad congressional base nor widespread public approval.<sup>5</sup> Indeed, it was born amidst formidable opposition, both ideological and partisan. Adversaries included a large number of Republican congressmen; some Southern Democrats; old line agencies like the Department of Health, Education, and Welfare, as well as social workers, educators and health officials; and other state-local guilds which had been precluded from a primary role in the program.

Congressional leaders had participated cursorily in developing this legislation. By political executives of state and local governments, with few exceptions, were preemptively bypassed. O.E.O. Director Sargent Shriver had noted, with some pride, that more than 135 persons were consulted by the poverty task forces in formulating the program, including eight elected state or local officials.<sup>6</sup> All were loyal Democrats: one ex-governor, one lame-duck governor, and several mayors who had participated in antecedent, foundation-sponsored poverty efforts.

The administration rounded up six mayors and five governors, all but one a Democrat to testify favorably on behalf of the legislation before Congress. None found the bill's language inconsistent with their having a significant role in the program. Seemingly unaware of the profound impact that the program would have upon intergovernmental relations, the mayors placed almost abiding faith in the federal government's administration of the program to avoid disturbing existing political relations. Syracuse's Mayor William Walsh assured the House Education and Labor Committee that "if we could not have direct control of the program, we do not want it." Chicago's Richard Daley ignored Republican warnings about the absence of guarantees for public official participation by stating that as far as he was concerned, the legislation allowed for this. The nation's mayors, in fact, fully support

he program from the outset. The United States Conference of Mayors (U.S.C.M.) pledged "frontline service," as did the National League of Cities (N.L.C.). Both, however, urged that "appropriate local governmental units be designated as the channel through which projects in the anti-poverty program be proposed," submitted and coordinated.<sup>8</sup>

Similarly, the five Democratic governors who gave favorable testimony displayed, according to one observer, "almost unmitigated optimism concerning the poverty proposals; and, whatever the vagueness of the guarantees, all seemed confident of their ability to deal with the federal government."<sup>9</sup> Kentucky's Edward Breathitt expressed no apprehension "whatsoever" that the legislation was rafted to circumvent state government. Governor Edmund Brown of California admitted, on the other hand, that "it might be well to spell out certain safeguards to preserve . . . the appropriate role for state government."<sup>10</sup> As important as the poverty program was to become to federal-state relations, the governors gave the legislation only fleeting consideration at the 1964 National Governors Conference (N.G.C.) meeting, passing a rather weak resolution which called for a measure of state control over the new program.

The general expectations of these subnational political leaders, of course, varied considerably—largely as a function of their position, party, region, size of constituency and ecological disposition. Thus, many city and county officials envisioned community action to be something analogous to the New Deal's public works programs, only directed "human development," stressing jobs and education. Like the New Deal programs, the emphasis would be upon dispersement of

perquisites as expeditiously as possible, requiring such new political machinery as found in the C.A.A.'s, with sufficient flexibility to bypass recalcitrant state officials and bureaucracies where necessary. Large city majors, mostly liberal Democrats, expected to gain most from the federal-local program. The party would be able to maintain or expand its urban constituency, while its political leaders would be rewarded by the program's beneficiaries. The governors, predictably, were split along party lines. Most were unaware of the degree to which the states had been cut out of the program by design and intent. Some were satisfied with the State Technical Assistance provisions in the legislation (federal funds, in part for the governors' personal use) and by the protection of a gubernatorial veto over programs and contracts. In any event, state and local chief executives tended to read in the legislation what they chose to, many confident that under congressional surveillance O.E.O. would work eventually to their benefit.

### THE BATTLES BEGIN

O.E.O. began operations under considerable congressional pressure to show immediate results. It quickly dispensed the greater part of its one-year, \$800-million appropriation to often hastily constructed and planned local agencies. It became readily apparent, however, in O.E.O.'s initial grants and contracts that general purpose units of government, public agencies and elected officials were being bypassed in the planning, development and administration of anti-poverty activities. Then a series of events in 1965 produced a national outcry from state and local chief executives: militants captured anti-poverty agencies; O.E.O. refused to designate Midwest public agencies as local poverty units; confrontations flared in Newark, Syracuse, San Francisco, Oakland, and dozens of other cities between anti-poverty organizations and city hall and widespread rioting rocked Los Angeles.<sup>11</sup>

The mayors were irate. A resolution at the U.S.C.M.'s 1965 meeting accusing O.E.O.'s Shriver of "fostering class struggle"

<sup>8</sup> *Ibid.*, II, 780, 790; *National Municipal Policy the National League of Cities* (Washington, 1965), p. 22.

<sup>9</sup> Roger Davidson, "Creative Federalism and the War on Poverty," 4, paper delivered at the 1966 annual meeting of the American Political Science Association.

<sup>10</sup> *House Hearings, 1964*, II, 993; III, 389-390; governors included Breathitt, Brown, Sanford, Hoffman, and Welsh (Ind.)

<sup>11</sup> See generally, Donovan, *op. cit.*, ch. 3-5.

was barely tabled in favor of a high-level meeting between the mayors' special anti-poverty committee headed by Mayor Daley and Vice-President Hubert Humphrey and O.E.O. officials, to seek some resolution of these conflicts. Both mayors' organizations, the U.S.C.M., with its 600 affiliated cities and mayors, and the N.L.C., with its 13,000 members, endorsed resolutions exhorting O.E.O. to recognize city hall-endorsed local agencies as the proper channel for community action projects. For many local officials, their worst fears had been confirmed. They had sensed at the outset that if the poor, minority groups, civil rights organizations and militants were given outside impetus to organize and direct their own interests, the mayors' control, if not their political support base, would be jeopardized.

The attitudes of governors and county officials differed in degree rather than kind. They had awakened to the anti-state and anti-county bias built into the structure and implementation of the C.A.A.'s. Moreover, with state and local welfare, health, planning and employment agencies subjected to attack in several areas by community action groups, these public officials and their professional organizations appealed to political executives, to Congress, and to their federal counterparts to put an end to the O.E.O.'s circumvention of traditional governmental structures and bypassing of general purpose units of government.

Following Congress' amendment of the governors' veto power, replacing it with a discretionary "override" provision to be used by the O.E.O. director, the governors were equally rebellious. They fought determinedly for the retention of existing veto provisions, threatening "open warfare" on the program if further diminution of the governors' power to veto proposed anti-poverty projects continued. Both Shriver and the President were compelled to intervene. They assured the governors, especially the Democratic ones, that their opinions on future programs would be solicited.<sup>12</sup>

<sup>12</sup> *State Government* 38 (Autumn, 1965), 250-252.

Large and small city mayors joined force against the poverty program for various motives. In addition to ideological or partisan reasons, many saw the program as a diversion of jobs, patronage and federal monies from municipal treasuries. But for most, it was a question of political power—couched in terms of public accountability, responsibility and governmental authority. While even strong city mayors had difficulty in asserting control over local agencies and municipal employees, they could hardly be expected to support quasi-public, independent instrumentalities and a new federal bureaucracy which were threatening to undermine their control and to endanger the legitimacy of public institutions. Indeed, to governors and state officials the program spelled a further breakdown in traditional federal structures and the downgrading of state governments. To them, it represented a siphoning off of patronage and federal funds. Republican governors were even more hostile, convinced that the program was a partisan effort designed by Democrats to reward their urban constituencies through a special pipeline direct from the federal Treasury to the cities.

### THE TURNING POINT

By late 1965, more than 600 C.A.A.'s were in operation, less than 15 per cent run directly by city or county governments. The low point in relations between the O.E.O. and political executives had been reached. But the politics of federalism began taking hold. Protests, sit-ins, street confrontations and civil disturbances, justifiably or not, were linked to community action programs. Cases of corruption and waste, impressions that distributive benefits were for minorities exclusively and urban riots—all fanned by the media—contributed to mounting disfavor with the program. Public outcry against the program was translated into demands upon Congress for action, undermining the fragile consensus upon which the legislation had been constructed. During the next 12 months O.E.O.'s personnel, structure, guidelines, creating procedures and administration und

went vast transformation at both the local and national levels.

Beginning with the naming of Vice-President Humphrey as the administration's liaison to local officials, the mayors were to have, as Humphrey himself put it, a "built-in Special Agent" on the poverty program.<sup>13</sup> Meeting with mayors and county executives and their national organizations, he emphasized that no group, not even the poor, was to control local poverty efforts. The mayors, if attentive in performing their executive functions, could set the boundaries and control the direction of C.A.P.'s through appointments to their governing boards. O.E.O. formalized its own liaison with the Washington-based public interest groups by creating a Public Officials Advisory Council (P.O.A.C.) comprising mayors, governors, county officials and city managers. In setting the agenda for the P.O.A.C., the interest groups met frequently with O.E.O. officials to review the agency's guidelines, publications, regulations and pending congressional amendments to the poverty legislation. O.E.O. also tightened administrative controls over C.A.P.'s. It instituted check-point procedures to insure that project applicants cleared proposals with local chief executives, firmly prohibited any further partisan political activity by O.E.O. employees, and transferred certain O.E.O. regional personnel found "objectionable" by local officials.<sup>14</sup>

Thus, by 1966, most mayors, directly or indirectly, were in full command of local anti-

poverty programs. It had become clear that an independent C.A.P. controlled by the poor was not a viable organization. A C.A.P. could not serve two masters: the poor, and established agencies and local public officials. Experiences differed, but generally where O.E.O. had first attempted to mediate between militant takeovers and city hall, it was now siding with the latter by forcing the merger of competing applications and programs. The balance of power had clearly swung in the direction of the mayors.<sup>15</sup>

Moreover, bureaucratic and congressional forces had successfully split the various O.E.O. programs into separate entities, obviating any possible coordination function the C.A.P.'s may have provided. Community action agencies were stripped of an identifiable constituency, and hence were vulnerable to congressional and local official pressures. O.E.O. was embarked on a survival strategy; its protector, ironically, became the nation's mayors. But community action in most cases constituted much less of an actual political challenge than originally believed. Local political systems proved more resilient to challenges than expected, more accommodating, cooperative and absorptive of O.E.O. activities than the mayors had figured. In the wake of the 1966-1967 riots, many mayors had concluded that if the C.A.A.'s did not exist, they would have to be invented.<sup>16</sup> Some functional equivalent was needed to sustain a liaison between public officials and the ghettos, and the C.A.A.'s often filled the need.

It was the 1966 congressional debates over the poverty program that precipitated this turnabout, and the fear of lost federal funds and riots which sustained it. The President proposed a mere \$250-million increase in O.E.O.'s budget for fiscal 1967—a clear indication of the Administration's retreat from its domestic war and the impact of its foreign one. While both houses approved the full \$1.75 billion requested by the President, the House Appropriations Committee sliced up the program, scaling appropriations down to \$1.56 billion. The impact of these cutbacks was made patently clear by O.E.O.'s Shriver when he detailed publicly how much each

<sup>13</sup> Jules Witcover and Erwin Kroll, "Politics and the Poor: Shriver's Second Thoughts," *The Reporter* 33 (December 30, 1965), 22-25; *The Vice President and Local Government: A report to the President* (Washington, D.C., 1968).

<sup>14</sup> OEO, *Community Action Program Guide*, I (Washington, D.C., 1965), 40-44; OEO Guidelines, Memos 23-24 (March, 1966).

<sup>15</sup> Cf. U.S. Conference of Mayors, *Economic Opportunity in Cities* (Washington, D.C., 1966); also interpretation by the Advisory Commission on Intergovernmental Relations, *Intergovernmental Relations in the Poverty Report: A Commission Report* (Washington, D.C., 1966), 54-55. By 1966, the U.S.C.M. encouraged its members to carry out effectively the spirit of the participation requirement—a clear indication that the mayors were in positions of control over local C.A.A.'s.

<sup>16</sup> Daniel Moynihan, *Maximum Feasible Misunderstanding* (New York: Free Press, 1969), pp. 16-157.



major city would stand to lose if the cuts were sustained. Subsequent House-Senate battles over O.E.O. funding and earmarking of programs galvanized the riot-weary mayors into a full-scale lobbying operation in support of the program. Mayors Lindsay and Cavanaugh declared the U.S.C.M.-N.L.C.'s "enthusiastic support" for the continuation of the community action program before congressional committees. Thus was completed the mayors' nearly total reversal from positions held the previous year.<sup>17</sup> As O.E.O.'s legal counsel Don Baker observed of the O.E.O.-mayors alliance: "They became our strongest and most effective support before Congress and, in effect, saved the program on several occasions from complete emasculation."<sup>18</sup>

The anti-city hall attitude having been subdued, O.E.O. confronted a new alliance of state and county executives seeking to restructure the program further to meet its needs. From their perspective, it seemed as if O.E.O. had established its own system of local government, one bent on disrupting and competing with traditional state and county services and agencies. The National Association of Counties (N.A.C.O.), a Washington-based interest group with members and functional affiliates in 3,000 counties, launched a formidable grass roots and national attack upon the O.E.O., calling for the total involvement of existing county structures and agencies in the poverty program. Reflecting the views of its affiliated organiza-

tions in the health and welfare guilds, N.A.C.O. reasserted its policy that the alleviation of poverty should begin at the county level.<sup>19</sup> Even in 1967, three-quarters of the counties had not organized C.A.P. programs while existing programs usually lacked elected county representatives. In effect, few of the measures that had appeased the mayors had reached the counties. They had lost employees to higher-paying O.E.O. positions they had been called upon to fund discontinued poverty activities; and they were generally bypassed in planning and administering portions of the program.

The governors also felt new political muscle in a setting more conducive to making their claims felt upon O.E.O. Mid-term election had given Republicans control of several state houses and governorships, and had left Congress more sympathetic to the "states position." Seeking to reverse "Great Society" programs that had bypassed the states, the governors opened a N.G.C. lobbying operation in Washington with the poverty program as one of its principal targets.<sup>20</sup> Governor and county officials thus were united by a common goal—reorganizing the poverty program. Their collaborative efforts centered on two issues: how to enable elected public officials to participate meaningfully in the poverty program; and how to cut in the state and thereby the counties, on a greater portion of control and responsibility for the total poverty effort.

### THE GREEN AMENDMENT

The controversy over who should run community action agencies intensified in 1967 in spite of congressional efforts to clarify the situation the previous year. Predictably, the

(Continued on page 302)

<sup>17</sup> U.S. Senate, Labor and Public Welfare Subcommittee on Employment, Manpower, and Poverty, *Hearings on Amendments to the Economic Opportunity Act of 1964* (89th Cong. 2d. sess., 1966), 742; U.S. Senate, Government Operations Subcommittee on Executive Reorganization, *Hearings on the Federal Role in Urban Affairs* (89th Cong., 2d. sess., 1966), 636. Mayor Cavanaugh had become president of both the N.L.C. and U.S.C.M.

<sup>18</sup> Interview with Don Baker, Office of Economic Opportunity Legal Counsel, January 31, 1969.

<sup>19</sup> Cf. *The American County Platform: Official Policy Statement of the National Association of Counties* (Washington, D.C., 1967), pp. 11-12; also, James L. Martin, "Let's Reorganize the War on Poverty," *American County Government* 32 (February, 1967), 14-18.

<sup>20</sup> Arlen J. Large, "States, Weary of Being Bypassed, Open a Lobbying Office," *Wall Street Journal* (September 1, 1967), p. 6.

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*Noting that "the new welfare proposals of the Nixon administration, with a guaranteed minimum income for needy families, would appear to open the door for a national program covering all relief needs," this specialist points out that such a program "is opposed to the administration's own concept of 'new federalism,' but it would appear to be the only sound solution to what is undoubtedly the country's most challenging problem."*

## Nixon's New Federalism: Is it the Answer?

BY MAXWELL S. STEWART  
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THE YEAR 1971 has been a year of unprecedented crisis in the financing of the essential services that various American governmental bodies provide for their constituents. This has been most apparent in the field of welfare. More than a dozen states and many municipalities have reduced welfare grants or have adopted new restricted eligibility requirements at a time when unemployment and inflation have placed new burdens on the poor. And to a large extent these restrictions, harmful though they undoubtedly are, have been supported by the general public because of its concern over rising taxes.

But though the welfare crisis has attracted the most attention, welfare is not the only service that has been affected. In city after city throughout the country, teaching staffs are being pruned and educational "frills" have been eliminated in the name of economy. Mental health services, hospital appropriations, public housing projects, clinics for drug addicts and recreational facilities of all kinds have been cut back. Yet despite these reductions in services, the states and cities have been forced to impose new taxes to keep functioning, and the public has become increasingly aroused by the burden of taxation, particularly on real property.

Although all levels of government are in trouble, the large cities are in the greatest

difficulty. When the needs of the cities as a group are weighed against what they can raise through taxes, the deficit is staggering. The revenue gap has been estimated at \$35.5 billion for 1972. Some, perhaps one-third, of this can be met by increased taxes or by borrowing. The states may provide some help. But roughly half of the amount is simply not in sight. The National League of Cities and the U.S. Conference of Mayors have stated the crisis in blunt terms: "As a nation," they have declared, "we are no longer able to produce adequate revenue from existing state and local fiscal sources to meet the cost of overwhelming . . . service responsibilities."

It is in light of this situation that President Richard Nixon has proposed what he calls a "New Federalism," which would involve a fundamental reorientation of traditional federal-state-local relationships. As a first step toward this he proposed a modest revenue-sharing program under which the federal government would provide a limited amount of funds directly to the states and local governments without restrictions as to how the money would be used.

Such a step, if carried out as proposed, would mark a new departure in the basic relationship between the federal government and the states. But this alone is hardly an argument against it. The relationship between Washington and the states has under-

gone a number of fluctuations since the founding fathers adopted the Constitution nearly 200 years ago.

It will be recalled that under the Articles of Confederation so little power rested with the central government that the various states could not function as a sovereign nation. In an effort to overcome this weakness, the Constitution provided the federal government with a number of specified powers including the power "to lay and collect taxes, duties, imposts . . . and provide . . . for the general welfare of the United States." The Tenth Amendment reserves to the states all powers neither delegated to the national government nor specifically prohibited to the states. However, such vital services as education, welfare, public health, or highways are nowhere mentioned in the Constitution. These functions are neither granted to the national government nor specifically prohibited to the states. It has been generally assumed that they are residual state powers.

During the 180 years that have passed since the adoption of the Constitution, the interpretation of federal-state relationships under these provisions has fluctuated with changing conditions and social philosophy. In the first half of the nineteenth century—due to the rivalry of sectional interests—most statesmen came to believe that national powers should be held to a minimum. Following the Civil War, however, the prestige of the states declined and the powers of the national government grew correspondingly. There was some gain in the relative position of the states in the early 1900's which continued through the 1920's. But the depression of the 1930's brought a sharp increase in the powers of the federal government.

There was a basic shift in social philosophy as it became apparent that state and local governments could not cope with the fiscal burden imposed by relief and welfare needs. As in the 1970's, local governments ran out of money as tax collections declined and funds needed for relief skyrocketed. The federal government stepped in with such programs as the W.P.A., social security, and unemploy-

ment insurance. It became an accepted principle that the federal government should not only help in protecting its citizens against the devastating effects of poverty but should attempt to see that the citizens of each of the various states should be treated equal regardless of race, creed, or national origin.

This trend continued through World War II. With the end of the war, state and local governments began to spend money to catch up on the deficiencies in public construction resulting from the depression and the war. For a time, local and state funds seemed adequate, and local communities extended the services. But with inflation and the heavy demands on federal funds as a result of the war in Vietnam, the sources of tax dollars began to dry up. The result was the severe fiscal crisis in the cities and states that became evident in the 1970's.

### CONDITIONAL GRANTS

In an effort to help local and state governments carry their responsibilities, particularly in relief, education, and road building, the federal government has increasingly since the 1930's resorted to what have been known as grants-in-aid, or conditional grants. They took many forms but they were explicitly used to encourage state and localities to provide services, if not at a uniform level, at least at a minimum level, even in the poorer states.

In all, some \$28 billion of the federal government's revenue has been distributed in 1971 to the states and cities for a variety of needs. The legislation authorizing the grants invariably specifies the standards and conditions under which these grants may be made available. Usually, but not always, the recipient governmental body must agree to share the cost of the service.

The grants cover extremely wide purposes and frequently overlap when programs covering similar activities are administered by different federal agencies. The large share of the grants—some 34 per cent of the total—is provided for highway construction. The federal government pays 90 per cent of the cost of the vast interstate highway program; the states are expected to pay the re-

maining 10 per cent. The next largest share of the federal grants—some 31 per cent of the total—covers various types of welfare assistance including support for the aged, the blind, dependent children, the unemployed, and for housing and public works.

Less in the public eye are the various type of grants for educational purposes. The federal government makes substantial payments to localities where there has been a substantial increase in school enrollment because of federal activities or where local tax resources have been markedly reduced because of federal ownership of real property in the area. Federal funds also help support Headstart, school lunch programs, and certain types of educational studies. However, the federal government's share in the nearly \$50 billion a year which the United States spends on education has declined somewhat in recent years. Federal grants are also made for various health projects, also on a sharing basis, particularly for the construction of new hospitals and medical school facilities.

Nevertheless, the fact remains that the expansion of direct federal power, so noticeable in the 1930's, has not continued. Federalism, that is the increased influence of the states, has demonstrated a renewed vitality. It has seemed to many observers that the states and localities, being closer to the people, can handle many functions more flexibly. And it is argued that the various states provide a laboratory by which experiments can be carried out to test new approaches to social and economic problems.

## REVENUE-SHARING

It was in an effort to strengthen this renewed interest in federalism and at the same time to aid the cities and states eliminate their growing deficits that President Nixon proposed a program whereby the federal government would share part of its revenue with the states and cities without the restrictions insisted upon in the various grants-in-aid programs.

In his State of the Union message to Congress on January 22, 1971, the President asked

for what he described as a "\$16 billion investment in renewing state and local government." Of this amount, he requested that Congress grant \$5 billion, or 1.3 per cent of taxable personal income, in "new and unrestricted funds to be used as the states and localities see fit." The other \$11 billion would consist of \$1 billion in new funds and \$10 billion to be shifted from the present grants-in-aid programs to revenue-sharing funds for six broad purposes—urban development, rural development, education, transportation, job training and law enforcement—leaving the specific decisions on how the funds were to be spent to the states and localities.

Of the \$5 billion to be granted to the states "without strings," each state's allotment, as proposed by President Nixon, would be determined by two factors: (1) the state's population, and (2) the amount of tax funds now being raised by the state. Thus, the plan would endeavor to provide some aid to the poorer states while at the same time holding out an incentive for them to do more for themselves. And since many of the states have shamefully neglected their cities, the President proposed a bonus of 10 per cent to the states that had negotiated an acceptable formula for allocating funds to their local governments.

In advocating a system of revenue-sharing, the President stressed its value in strengthening state and local governments. Thus he envisioned a "new federalism" which would be a more flexible, decentralized system of government. He emphasized that revenue-sharing without strings, in contrast to the traditional grants-in-aid, would reverse the trend toward the centralization of power in Washington. It would presumably free local governments to meet local problems in their own way. And being closer to the people, the local governments were presumed to know local needs far better than Washington and thus should spend their money more wisely than if the spending were dictated by Congress.

Recognizing that the plan for revenue-sharing must be enacted, if it is to be enacted,

by a Democratic Congress, the Nixon administration has been prepared to make substantial concessions in the details of the plan in order to get the principle adopted. The Ways and Means Committee of the House, under Chairman Wilbur Mills of Arkansas, has strongly opposed the plan, but has indicated that it is prepared to provide some type of aid to the hard-pressed cities.

The main advantage of a system whereby the federal government shares its revenue with state and local governments as compared with direct taxation by the state and local governments lies in the superior taxing power of the federal government. The national government has had a near monopoly on the income tax, and has a superior machinery for collecting this as well as its other taxes. And with all of its inequities, the income tax is not only the fairest of all levies but one of the easiest to collect. Moreover, it alone, of all taxes, automatically generates an increased yield as the economy expands. It has been estimated that when the national income rises by 1 per cent, income tax receipts go up by 1.5 per cent. The yield of most state and local taxes, particularly the sales tax and the tax on real property, on the other hand, tends to lag behind the growth of the economy.

If the cities and states were given a substantial share of the federal government's tax revenue, there would presumably be less pressure to increase property and sales taxes. Since both of these latter taxes are especially burdensome to low-income families, the funds needed to maintain essential services could be raised more fairly and with less burden on society. And more money could be raised with less resistance from irate taxpayers.

Thus, the administration argues that revenue-sharing would encourage a wiser use of both federal, state and local funds. Each state and locality would be free to use the shared money on its most urgent needs without worry about taxpayer opposition. And as the federal government assumed broader responsibility, it would develop a more sensitive set of priorities with regard to foreign

or military demands as compared with urban and other domestic needs.

### CRITICS OF THE PLAN

All of these arguments make a certain amount of sense. But opponents of the President's plan for revenue-sharing point out that there are not only grave weaknesses in his plan, but that there are several better ways of achieving its objectives.

One of the chief weaknesses, implicit in the "new federalism," is that there can be no assurance that the states would pass the shared funds on to the impoverished cities and other local governments. State legislatures tend to be controlled by a combination of representatives from farm or suburban communities. As a result, the cities have been notoriously short-changed on the use of state funds. Few, if any, of the states have done all that they could to meet the educational, medical, or welfare needs in their urban centers. Although the Nixon program contains provisions that would assure additional money to the cities, the amount that would be made available to the urban center is far less than is needed. In fact, if the \$1 billion grant all went to the cities, the amount would still fall far short of the amount needed to maintain essential urban services.

Actually, many of the states in greatest need would get less money under the revenue sharing proposal than they now receive under the present grants-in-aid programs. There are several reasons for this. The grants-in-aid system was devised to narrow the gap between the rich and the poor states. Basing revenue-sharing on population rather than on need ignores this purpose at the expense of many of the neediest states. And to the extent that the sharing is based on a state's present tax effort, most of the neediest states are bound to fare poorly. An inequity also results from the fact that several of the western states have vast areas of federal land which are exempt from local taxation. Such states would be twice deprived: (1) in their local tax effort and (2) in their share of federal revenues.

Some see "no-strings" revenue-sharing as



substitute for the existing cumbersome grants-in-aid programs; others see it as an addition to these programs. Some two-thirds of the funds the administration would give to the states would be obtained at the expense of existing programs. This part of the proposal does not appeal to the Democrats. Representative Mills insists that the body responsible for granting the funds should be held responsible for their wise use. To dodge that responsibility would at best be cowardly and at worst would open the floodgates of corruption.

There is real danger that a loosening of federal control over the funds given to the states would lead to uneven standards—or worse, no standards—in the spending of the money. In order to assure compliance by the states with standards set by Congress, the federal government has frequently had to threaten to cut off funds. If the states had complete freedom in spending the funds obtained from revenue-sharing, the citizens of, say, Mississippi, would probably fare much worse than the citizens of California or New York. Moreover, as the A.F.L.-C.I.O. has pointed out, without specific enforceable performance standards, there is no assurance that civil rights guarantees and fair labor practices would be uniformly enforced. And the United States Commission on Civil Rights has declared that much stronger antidiscrimination provisions are needed if the “no-strings” revenue-sharing program is not to be used to perpetuate racial discrimination.

There is certainly reason to doubt that revenue-sharing would, as alleged, reduce the helplessness of the ordinary citizen in the face of a powerful government, or that state and local control assures that the allotted funds will be spent wisely. Several observations support these doubts. Residents of our city ghettos have shown that they feel more alienated from the state house or from city hall than from Washington. Although corruption is not unknown at the federal level, it has been more frequent in the cities and states. Local governments are commonly controlled by cliques and factions that are insensitive to the needs of their poorer residents.

State legislators and city councilmen have a notoriously limited understanding of the public interest, and have shown themselves to be easily influenced by the business leaders of their communities. And even when they are public-spirited, they encounter severe political obstacles to meeting the needs of the poor.

Many observers doubt whether Congress could be persuaded to give as much for social needs under a generalized revenue-sharing plan as it might under the grants system, where specific needs can be dramatized in a manner to rouse the sympathy of the legislators and the general public. Experience has shown, for example, that Congress can be readily moved by sympathy for the blind, the aged, the unemployed, or children.

It is at least possible to argue that the needs of the ghetto and the needs for better educational and medical facilities, as well as highway and transport needs, can be met feasibly by more rather than less intervention by the federal government; that the solution does not lie in a “new federalism” but in precisely the opposite direction—which has been the dominant trend since the founding of the Republic.

A strong case may be made, for example, for the assumption by the federal government of all of the costs of welfare and Medicaid. Welfare is a major drain on the finances of some cities, most counties, and all of the states. Only if the federal government pays the full cost can we have any real hope that the standards of assistance can be made identical in all sections of the country. There would then be no need for complex arithmetical formulas to make sure that the government's money was being spent where it is most needed.

If the federal government assumed the costs of welfare, local tax money would be freed for education, police protection and other urgent needs, thus rendering it unnecessary

*(Continued on page 306)*

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*"Ultimately, the resolution of the 'welfare crisis' triumphs or founders on the constitution of poverty. . . . Change the existential situation of the poor, unleash their pent-up aspirations for a better life and . . . the poverty-linked non-standard behavior might very well vanish."*

## The Scope of the Poverty Problem

BY JOHN F. BAUMAN

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**"H**ARK, HARK, the dogs do bark, the beggars are coming to town"; a centuries old nursery rhyme recalls poverty stalking the Elizabethan city. William Hogarth, the eighteenth century English painter, drew vivid pictures of the horrors of "Gin Lane," each a ghastly reminder that poverty also tormented thousands in Georgian London. Such valuable relics of the past suggest more than the timelessness of poverty; it was those Elizabethans

who muddled the word "poverty," equating it with slothfulness and shiftlessness. Later the Calvinists stamped poverty as sinful, and nineteenth century Darwinists saddled the word with pseudo-anthropological connotations of physiological inferiority.

Poverty has always been in the eye of a tautological hurricane, its victims styled by some "deserving," the inheritors of the earth and by others undeserving, mean, dangerous. All this verbosity obscures the meaning of poverty, while at the same time it ignores the wretchedness of the victims. The sophistry of poverty rages on. Late nineteenth century and early twentieth century scientism subjected poverty to a casework analysis, transforming the poor from socially inadequate individuals to socially maladjusted individuals. Casework survived the 1930's, during which poverty became a mass affliction. But since World War II, while poverty is still treated by many as the result of defective character it has become a minority abnormality rather than a mass phenomenon.<sup>1</sup>

Michael Harrington startled America in 1963. The New Deal, buttressed in the 1940's by Truman's Fair Deal, had lulled America into regarding itself as the "Affluent Society" of the 1950's. Harrington's *Other America*, matched soon afterwards by Dwight McDonald's article on the "Invisible America," peeled away the political sham exposing raw, residual poverty. True, poverty no longer racked America's masses; it

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<sup>1</sup> For histories of poverty in both Britain and America see G. M. Trevelyan, *English Social History: A Survey of Six Centuries Chaucer to Queen Victoria* (New York: Longmans, Green, 1955); Charles Booth's *Life and Labor of the People of London* (London: Macmillan, 1892), a seminal statistical survey dealing with 19th century British poverty; on the history of American poverty, Robert Bremner's *From the Depths: the Discovery of Poverty in the United States* (New York: N.Y. University Press, 1969) is standard; two interesting approaches to 19th century poverty in America are John Garraty's edited testimony of the 1883 hearings before the Senate Committee on Relations between Labor and Capital, *Labor and Capital in the Gilded Age* (Boston: Little Brown, 1968); and Stephen Thernstrom's *Poverty and Progress: Social Mobility in a Nineteenth Century City* (Cambridge: Harvard University, 1964); see also Roy Lubove, *The Progressives and the Slum* (Pittsburgh: University of Pittsburgh, 1962); and Albert Romasco, *The Poverty of Abundance: Hoover, The Nation, The Depression* (New York: Oxford, 1965).

<sup>2</sup> Michael Harrington, *The Other America: Poverty in the United States* (New York: Penguin, 1963); equally as important as Harrington's work for the rediscovery of poverty in America was Dwight McDonald's review article, "Our Invisible Poor," *The New Yorker*, January 19, 1963, pp. 82-130; note too Stephen Thernstrom's excellent article "The Myth of American Affluence," in *Commentary*, October, 1969, pp. 74-77.

nation had uplifted its once submerged middle class. That, chorused Harrington and McDonald, was just the problem. Poverty in 1963 preyed upon the "rejects," the disadvantaged, denizens of "pockets of poverty" amidst affluence.<sup>2</sup>

Very shortly, scholars like Oscar Lewis termed this minority phenomenon the "culture of poverty." According to Lewis, who studied poverty in both Mexico and Spanish Harlem, the enclaves of the poor—whether in Harlem, Appalachia, or Mexico—represent "a culture in the traditional anthropological sense, which is both an adaptation and a reaction of the poor to their marginal position in a class stratified, highly individualized, capitalist society."<sup>3</sup>

According to the diagnosis, inner city ghettos, Appalachian coal patches and marginally productive farmsteads were plagued by a virulent disease, the symptoms being, to name a few, chronic (some add congenital) dependency, illegitimacy, juvenile delinquency, alienation and a feeling of powerlessness. President Lyndon Johnson's Commission on Rural Poverty described the "culture of poverty in terms of stunted minds, insecurity and unstable homes . . . , a wretched existence that tends to perpetuate itself from one generation to the next."<sup>4</sup>

The "culture of poverty" concept abetted what Daniel P. Moynihan has caustically termed the "liberal services strategy," namely,

<sup>2</sup> Oscar Lewis discusses his concept of "The Culture of Poverty," in *Scientific American*, October, 1966, pp. 19-25; he elaborates on the concept in greater detail in *La Vida* (New York: Random House, 1966).

<sup>3</sup> Some works which employ the "culture of poverty" thesis are Frank Reissman, *The Culturally Deprived Child* (New York: Harper, 1962); and Thomas Gladwin, "The Anthropological View of Poverty," *Social Welfare Forum* (New York: Columbia University, 1961); the theme is equally clear in the President's National Advisory Commission on Rural Poverty, *The People Left Behind* (Washington, D.C., U.S.G.P.O., September, 1967).

<sup>4</sup> See Daniel P. Moynihan, "One Step We Must Take," *Saturday Review*, May 23, 1970, pp. 20-23; and Alvin Schorr's review of William Ryan's *Blaming the Victim*, "Why Enforced Work Won't Work and Welfare," in *Saturday Review*, June 19, 1971, pp. 7-18; See also Herbert Gans' excellent discussion of culture and poverty in "Culture and Class in the Study of Poverty," *People and Plans: Essays on Urban Problems and Solutions* (New York: Basic Books, 1968), pp. 321-346.

welfare clinics, family counselling centers or, on the federal level, VISTA, the Job Corps and the other Office of Economic Opportunity programs. Recently, economists and other social scientists disillusioned with this "culture of poverty" approach to welfare have backed an "income strategy," such as the negative income tax, or President Richard Nixon's Family Assistance Plan.

The opponents of the "culture of poverty" concept generally view poverty as a situational, not a behavioral, problem; therefore, they believe that changing the low income situation of the poor will facilitate the assertion of their suppressed middle class aspirations. Yet few of these champions of the rehabilitative power of increased income harbor any illusions about the poor. Most, like Herbert Gans and Lee Rainwater, feel that low income has severely eroded the vitality of the poor. Finally, most social scientists—regardless of their allegiance to any particular school of social thought—recognize poverty in the United States as indigenous to racial minorities and enshrouded by discrimination and inequality.<sup>5</sup>

## THE DIMENSIONS OF POVERTY

However, while both schools agree that today's poverty affects marginal groups—racial minorities, the unskilled, the technologically superannuated—uncertainty exists as to the dimensions of poverty. Even Mollie Orshansky, the official interpreter of the Social Security Administration's poverty statistics, confesses the arbitrariness of any device used to measure poverty. The size of poverty in our consumption-oriented society hinges on psychologically determined status considerations and other coefficients of inequality, which, of necessity, are relative—not so much to income as to socially dictated consumption patterns. Yet from England's B. Seeborn Rowntree in the late nineteenth century, the United States Federal Relief Administration in the 1930's, to the Social Security Administration today, social workers have been forever concocting some bare minimum budget below which a person or family is regarded as poor.

The modern scales are merely more sophisticated. Accordingly, the Social Security Administration calculates its "poverty threshold" on a family's minimal needs for food and other commodities, and makes adjustments for changing prices by gearing the threshold levels to the Federal Consumer Price Index. Despite the frailty of the measurement device this quantitative analysis of American poverty is imperative to an understanding not only of the scope of today's welfare problem but, equally important, to an understanding of the complexion of today's poverty. How sensitive would poverty be, for instance, to improved economic conditions?<sup>6</sup>

Although demeaned as a "minority" problem, the inventory of the American poor is staggering. According to the Bureau of the Census' 1970 income statistics for families with household heads 14 years old and older, over ten million American families have incomes under \$3,000 a year. The figure is only slightly different using the government's "poverty line"—\$1,748 for a single member non-farm family, \$3,553 for a four member non-farm family, and \$1,487 and \$3,034 respectively for rural families. On this basis, 9.7 million families fell below the poverty line

in 1969. Raising the poverty line to \$5,000, as partisans of welfare reform demand, brings another 750,000 families within the poverty category.<sup>7</sup>

Unlike pre-New Deal America, mass poverty no longer throttles the working classes; still, many of the poor work. In fact half of America's poor breadwinners (4,888,000 people) worked full time in 1969. Seventeen per cent of these poor breadwinners were employed less than half a year. As these figures suggest, modern "working" poverty—especially in metropolitan areas—is linked more to underemployment than to low wages. A 1966 study of poverty families headed by men ages 22 to 54 found that 70 per cent of the white and 75 per cent of the non-white males worked at least 40 weeks. However in similarly constituted non-poor families 90 per cent of the Negro and 95 per cent of the white males worked 40 or more weeks. But while underemployment takes its toll in poverty, unemployment reaps an even grimmer harvest. Almost 30 per cent of the poor did not work.<sup>8</sup>

### THE RURAL POOR

Poor employment prospects especially handicap the rural poor. Today one-fifth or well over half a million American farm families, are poor. Over the past two decades while farm output has increased 45 per cent farm employment has proportionately declined, a trend which carves a swath of grinding poverty through rural America, leaving abandoned farms and wasted humans from the rock strewn slopes of New England through the sharecropped blackbelt of the cotton and tobacco South.

And the trend continues. Even when war-born prosperity plummeted unemployment to a 4 per cent low in 1965, rural joblessness held at 18 per cent while more than 37 per cent of farm workers were unemployed. In 1967, seventy per cent of all rural income (farm and non-farm) fell below \$2,000 a year; a quarter of these incomes were under \$1,000. The President's Commission on Rural Poverty discovered the poor in rustic America eking out miserable existences. Di-

<sup>6</sup> Mollie Orshansky, "How Poverty is Measured," *Monthly Labor Review*, February, 1969, pp. 37-41; from 1964 to 1968 the core of the Social Security Administration's definition of poverty centered on a "nutritionally adequate food plan" where a four-member family earning less than \$3335 was poor in the city; the figure was \$2345 for a farm family; see Bureau of the Census, "Revisions in Poverty Statistics, 1958-1968," *Current Population Reports*, Series P-23, No. 28, August 12, 1969; for a critique of poverty measurement devices see Martin Rein, "Problems in the Definition and Measurement of Poverty," in Louis Ferman, et al., eds., *Poverty in America* (Ann Arbor: University of Michigan, 1968); for statistics on low-income see Bureau of the Census, "Household Income in 1969 and Selected Social and Economic Characteristics of Households," *Current Population Reports*, Series P-60, No. 72, August 14, 1970.

<sup>7</sup> A good analysis of the statistics of today's poverty is given by Alexander Radomski, "Income and Poverty, 1959-1968," *Welfare in Review*, January-February, 1971, pp. 13-16.

<sup>8</sup> On "working" poverty see Carolyn Jackson and Terri Velten, "Residence, Race, and Age of poor Families in 1966," *Social Security Bulletin*, 32 (June, 1969); see too Bureau of the Census, "Social and Economic Characteristics of the Population in Metropolitan and Non-Metropolitan Areas, 1970 and 1960," *Current Population Reports*, Series P-23, No. 37 (June 24, 1971).



placed farm people, haggard ex-miners, and the other chaff of civilization loll in noisome tar papered shacks, undernourished on corn-meal and rice diets frequently garnished with U.S.D.A. surplus peanut butter. Not unexpectedly, when the Harvard physician Robert Coles and his team of colleagues surveyed rural health conditions in 1967, they reported an epidemic of sickness and disease. Along with malnutrition followed scurvy, rickets, anemia and kwashiorkor; primitive outhouse facilities and neglected wells and common spigots invited a host of parasites.<sup>9</sup>

Like the feckless cotters of the American backcountry, the poor generally lack salable skills. They are the unproductive, the disabled, or many of the more than 5.5 million elderly families which fend on an annual income of less than \$3,000. They are children under 18, especially children in homes headed by a mother. Even if these widowed, divorced, deserted or unwed mothers had marketable skills (and many, particularly Negroes, do not), they are frequently too preoccupied with the cares of childrearing to take outside employment. In fact, 57 per cent of these women do not work. And, not

surprising, in 1969 over 43 per cent of these 13 million fatherless households lived below the poverty line. Increasingly grave is the plight of the black female-headed family; in over 57 per cent of these families poverty is the way of life.<sup>10</sup>

Whether it be migrant farmers, jobless miners, laundresses or jobless inner city teenagers, old or young, male or female, the poor are disproportionately non-white. In the Southwest, in cities and semi-rural *colonias* one-third of the Mexican-Americans exist on poverty-level incomes. Half the Mexican-Americans in Texas live below the poverty line.

Unlike the Spanish-speaking Mexican, the American Indian is stifled under a peculiar federalized poverty. Most Indians are sequestered on solitary reservations, crushed by illiteracy, high unemployment, poor housing and critical mental and physical health problems. In 1967, Indian unemployment skyrocketed to 50 per cent, and over three-fifths of Indian incomes fell below the poverty line.

Further north, the Alaskan native fared as poorly as his Indian relative. Eighty-five per cent of the natives of Hooper's Bay, Alaska, earned less than \$3,000 a year, and half of these lived on under \$2,000. One study of native housing found 7 thousand out of 7.5 thousand dwellings seriously in need of repair—most units were one-room huts heated by a stove. Tuberculosis among the Eskimo natives is 20 times the white average, and, equally grave, their infant mortality rate is twice the national average.<sup>11</sup>

## BLACK POVERTY

Finally, there is black poverty. That "to be black in America is to be poor" is a shameful adage which, despite some gains by Negroes over the last ten years, still rings too true. Although many black families continue to fester in tin-patched shacks in the South, the great majority have exchanged their rural for an urban slum.

The city is more than the modern receptacle for black and Spanish-American poverty; cities likewise embrace a multitude of poverty-prone individuals including the

<sup>9</sup> On rural poverty see Commission on Rural Poverty, *The People Left Behind*, and Robert Coles and Al Clayton's graphically illustrated *Still Hungry in America* (New York: World Publishing, 1969); for a good glimpse of the plight of migrant workers see Truman Moore, "Shacktown U.S.A.; Migrant Farm Labor," in Herman P. Miller, ed., *Poverty American Style* (Belmont, Calif.: Wadsworth, 1968), p. 136.

<sup>10</sup> It should also be noted that there is a statistically high incidence of poverty among individuals living alone in rooming houses, dormitories, barracks and hotels; see Dorothy K. Newman, et al., "Perspectives on Poverty," *Monthly Labor Review*, 92 (February, 1969).

<sup>11</sup> According to a recent census study, Spanish-Americans speaking both Spanish and English have the poorest employment profiles, Bureau of the Census, "Population Characteristics: Persons of Spanish Origin in the U.S., November, 1969," *Current Population Reports*, Series P-20, No. 213 (February, 1971), p. 31; for statistically based studies of both the Mexican and Indian-American see Niles Hansen's articles, "The Indian," and, "The Mexican American," in U.S. Department of Labor Manpower Administration, *Urban and Regional Dimensions of Manpower Policy* (Lexington: University Press of Kentucky, 1969); on the Eskimo-American, Robert Fortune, "Availability and Use of Medical Services in an Alaskan Eskimo Community," *Public Health Report*, 84 (October, 1969), pp. 845-856.



derelict, the sick, the disabled and the aged. And just as the city in the past harbored the majority white poor, today's city shelters the nation's poverty-vexed minority, a significant part of which is black.

A Bureau of the Census Study of "poverty areas" in America's hundred largest Standard Metropolitan Statistical Areas (SMSA's) confirms the above picture of the city and poverty. Blacks and other racial minorities in these areas are half again more likely to be poor than whites; and what is more important, the poor in these poverty enclaves are least likely to escape their predicament. Consider the following: 15 per cent are 65 years of age or over; 48 per cent are children under 18 (18 per cent are under six); 8 per cent are women under 65 heading a family; those remaining are either physically or mentally handicapped or have passed the age of their most productive capacity.<sup>12</sup>

Of the 21 per cent of all families living in urban poverty areas and living beneath the poverty line, 31 per cent are black. Conditions were statistically gloomier in 1959, when 37 per cent of black poverty area residents were poverty-stricken. Urban blacks, then, have been making some improvement in their

condition over the last decade. In fact, young Northern black couples today earn the same average income as young white couples. Then too, the number of blacks with high school diplomas rose from 38 per cent in 1960 to 58 per cent in 1970. However, despite these gains, the average Negro family still earns only \$6,000 a year as compared with \$9,800 for its white counterpart. Equally delusive is a statistic flaunted to show that, from 1960 to 1970, 800 thousand Negroes flocked out of the inner city, presumably to the suburbs. Not only is the term "suburb" misleading (a "suburb" can be an enclave of black poverty planted on the suburban fringe of the city), but another figure is softpeddled showing that in the same ten-year period another 3.5 million black, mostly poor, immigrants trekked into the urban ghetto.<sup>13</sup>

The most portentous statistic unveils the alarming increase in women heading black inner-city families; half of these black households are poor, compounding the risk that these fatherless black children will in turn stray into poverty. Fatherlessness plagues the ghetto; it touches more than 41 per cent of all non-white children in urban poverty areas and reaches 70 per cent in the case of poor families. Nationwide, today, 27 per cent of all black families (three times the white average) are headed by a mother.

For a number of reasons the woman-headed black family looms as the most impregnable form of poverty. Most Negro female-family heads are young; the median age is 22. What is more, 36 per cent of these Negro women heading a family (as opposed to 27 per cent for whites) are under 15 years old.

The complexity of the problem of the female-headed family—the race of the mother, her youthfulness and immaturity, and the many children affected—defies the pat solutions of the poverty practitioners. Still, middle-class taxpayers eyeing the astronomically rising costs of welfare demand action, particularly of the low budget variety.<sup>14</sup>

Rising welfare costs must be scrutinized in the light of a sagging economy, a rising population, and the greater acceptance of welfare

<sup>12</sup> On black poverty, Bureau of the Census, "Social and Economic Conditions of Negroes in the U.S.," *Current Population Reports*, Series P-23, No. 24 (October, 1967); an excellent statistical analysis of urban poverty is Bureau of the Census, "Socioeconomic Trends in Poverty Areas, 1960-1968," *Current Population Reports*, Series P-60, No. 67 (December 30, 1969); see also Bureau of the Census, "Social and Economic Character of the Population in Metropolitan and Non-Metropolitan Areas," and John F. Bauman, "Poverty in the Urban Ghetto," *Current History*, November, 1970.

<sup>13</sup> See Bureau of the Census, "Socioeconomic Trends, 1960-1968"; Anthony Downs, *Who Are the Urban Poor?* (Committee for Economic Development, Supplementary Paper Number 26, October, 1968); see too William K. Tabb, *The Political Economy of the Black Ghetto* (New York: Norton, 1970); and a recent article in *The New York Times* (September 6, 1970), p. 6, "Progress Yes, But There is Still Much Poverty."

<sup>14</sup> For an excellent analysis of the female-headed family see James D. Cowhig, "Characteristics of Families Headed by a Woman," *Welfare in Review*, 8 (January to February, 1970), pp. 16-20; see too Downs, *Who are the Urban Poor?*, pp. 27-29; and Bureau of the Census, "Socioeconomic Trends, 1960-1968," p. 14. One of the best pictures of the problems of the woman-headed family is a novel by Sol Yurick, *The Bag* (New York: Pocket Books, 1969).

as a part of the American scene. However, the welfare picture suggests, too, the increasingly urban dimension of poverty. Currently, metropolitan areas swallow up almost 75 per cent of the nation's welfare dollar. In states with heavily urbanized areas, relief rolls have soared. California's welfare burden rose 26 per cent in the last year; presently, the glitter of California's movie kingdom and its aerospace boom towns are somewhat dimmed by over two million relief cases. In New York state, nearly 1.5 million people depend on welfare. Pennsylvania and Illinois each assist well over half a million families on welfare.<sup>15</sup>

Public Assistance, as distinguished from Unemployment Compensation and Old Age Survivors and Dependents Insurance, originated in 1935 as part of the New Deal's Social Security legislation. At first, the federal government afforded matching grants to the states to assist only three categories of the indigent: dependent children, the blind, and the aged. Since 1935, public assistance has been broadened to cover the permanently and totally disabled (A.P.T.D.), the medically indigent and, after 1962, families of dependent children (A.F.D.C.). Only general assistance, which benefits both the marginally employable and the unemployed who have exhausted their due compensation, draws exclusively on state and local funds.<sup>16</sup>

Not all these public assistance programs have mushroomed. Mirroring the greater coverage of Social Security, Old Age Assistance actually contracted over the last decade, dropping from a peak of 2,305,000 cases in 1960 to a few more than two million cases in early 1971. The number of recipients of aid

to the blind has steadily hovered near 80 thousand since 1968.

Growth has been phenomenal in other welfare areas. Assistance to the disabled leaped in the last ten years from 368,000 clients in 1960 to almost a million today. To avoid being deceived by the magnitude of the increase in A.P.T.D., note that the states anxious to prune their general assistance rolls have in the last several years transferred many of the mentally and physically disadvantaged from locally financed general assistance to the federally backed A.P.T.D. Despite the trimming, general assistance rolls have still shot up from 4.5 million cases in 1968 to 7 million today; the jump denotes graphically the recent dismal job market. In the same way, A.F.D.C. caseloads rise arithmetically with the frequency of unemployment.<sup>17</sup>

#### THE INCREASE IN A.F.D.C.

It is, in fact, the staggering increase in this last category, Aid to Families of Dependent Children, which has precipitated the so-called "welfare crisis." Over the last decade A.F.D.C. cases have doubled; and most of the increase cumbers the city welfare rolls. Over 70 per cent of the nation's 2,634,000 A.F.D.C. families live in metropolitan areas. For example, in New York state, where poverty regions like Harlem, Brooklyn and the Bronx strain the welfare system, A.F.D.C. comprises over 84 per cent of the state's welfare load. In California, 75 per cent of the case files are stamped "A.F.D.C."; in Pennsylvania, 84 per cent; in Illinois, 90 per cent.

Returning prosperity should cool the "welfare crisis," yet it will do little more than temper the A.F.D.C. problem. For while not identical, the A.F.D.C. phenomenon is

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<sup>15</sup> "Behind Rising Alarm over Welfare Costs," *U.S. News and World Report* (November 30, 1970), p. 32; for a discussion of the "mystery" of rising caseloads amidst prosperity see Radomski, *Income and Poverty, 1959-1968*, p. 16.

<sup>16</sup> Ida Merriam and Alfred Skolnik, *Social Welfare Expenditures Under Public Programs in the U.S., 1929-1966* (Washington, D.C.: Social Security Administration, G.P.O., 1968).

<sup>17</sup> For current statistics on welfare loads see *Social Security Bulletin*, 37 (July, 1971), pp. 70-71; for one opinion on the welfare load, Vernon Stitze, "What Went Wrong in Aid to the Poor: Welfare Officials Report," *U.S. News and World Report* (November 30, 1970), p. 33.

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*"When the damaging impact of the environment (including the impact of the very programs that are supposed to help the poor, such as WIN) is recognized, welfare reform will move to more realistic issues [including] . . . more serious and steadfast means of increasing opportunities for the poor to become nonpoor."*

## Environment and the Poor: Toward More Realistic Welfare Policies

BY LEONARD GOODWIN

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AMERICAN SOCIETY is work-oriented to a high degree. Work generally is regarded not only as a means of earning a living, but also as a source of personal development, social status and meaningful activity. This viewpoint underlines several questions frequently asked about the poor. Are the high rates of joblessness and underemployment among poor men the result of their not wanting to work—their failure to share the conventional emphasis on the importance of work, the "work ethic"? Are poor mothers seeking welfare as a way of life, rather than seeking employment to support their families? Are children who have spent their lives on welfare losing all sense of the importance of work?

These questions take on urgency when it is noted that the number of families receiving Aid to Families with Dependent Children (A.F.D.C.) has increased 25 per cent in the past year alone so that there are well over 2 million families in this category.

The views of poor people have not been of great concern to government agencies, busi-

nessmen or social scientists until recently. Relatively little is known through extensive or systematic research about the orientation of the poor toward work.<sup>1</sup> There have been however, a few informative studies in which researchers have sought to understand the poor by sharing associations with them, and there have been a few surveys that ask poor individuals about the desirability of work. In addition to these studies, the author will draw upon the results of his recent research which examined the work orientations of more than 4,000 poor and nonpoor individuals.

A paradox with respect to the work orientations of poor men is raised by a study in a low-income Negro housing project in St. Louis. Efforts were made to help several men obtain jobs.<sup>2</sup> These men did not approach the job search with eagerness. They appeared to attach little of their self-importance to work, although recognizing work as a major source of money. At the same time, when a sample of the men in this housing project were asked whether the reason for unemployment among them was the lack of a desire to work and a preference for drinking or being with friends or running around with women, less than one-third of them agreed. Even more significantly, less than one-third of the married women interviewed agreed that unemployed men do not want to work.<sup>3</sup>

<sup>1</sup> Walter S. Neff, *Work and Human Behavior* (New York: Atherton Press, 1968), p. 247.

<sup>2</sup> William L. Yancey, "Intervention Research: A Strategy of Social Inquiry," presented at the 1965 meeting of the American Sociological Association.

<sup>3</sup> Lee Rainwater, *Behind Ghetto Walls* (Chicago: Aldine Publishing Company, 1970), p. 176.

Thus it was found, on the one hand, that the men did not work regularly and did not appear eager to work; on the other hand, substantial numbers of people in the housing project indicated a belief that the men did not reject the significance of work.

This paradox was faced directly by one researcher in his study of some 30 streetcorner Negro men in the District of Columbia.<sup>4</sup> During a period of almost two years, the researcher visited and talked with these men, who were in their 20's and 30's, in the context of their usual activities. The men exhibited shallow attachment to work. But the researcher judged this to be the result of their having had continuing experiences of failure in the work world. Most of the men were able to qualify only for unskilled, menial jobs. Even when working full time, they could not earn enough money to support a family. In other words, these men valued work, but their inability to achieve success led them to seek self-fulfillment in other areas of activity and even to refuse opportunities to achieve better jobs because of fear of failure.

In addition to these in-depth studies, there have been a few scattered survey studies bearing on whether poor men want to work. The preference given to work as compared with

other activities such as being with one's friends was measured for groups of male heads of households in California.<sup>5</sup> The groups consisted of whites and Negroes, some of whom were receiving welfare payments and others who were not. The preference for work among Negro welfare recipients was about the same as for more affluent Negro and white men. Similar results were obtained in New Orleans. Poor Negroes expressed as much willingness as more affluent Negroes and whites to make special efforts, such as moving from the city, in order to get better jobs.<sup>6</sup>

As part of the author's larger study of work orientations of the poor and nonpoor, more than 1,400 welfare recipients participating in a nationwide work-training program—the Work Incentive Program (WIN)<sup>7</sup>—completed a specially designed work orientation questionnaire.<sup>8</sup> One of the questionnaire scales measured the strength with which these persons held the “work ethic.” An individual was thought to have a strong work ethic if he identified his own feeling of self-respect with holding a job, that is, if he regarded work as intimately bound up with his being a worthwhile person. The 254 welfare WIN men, both Negroes and whites, gave just as high ratings as regularly employed middle class Negro and white men living in Baltimore to the survey questions measuring the work ethic. The WIN men also expressed life aspirations—such as a decent place to live, good health, a well-paid job—similar to those of the more affluent men.

There were, however, two sharp differences between poor and affluent men as seen in their ratings on the scales that measured confidence in their ability to succeed in the work world and the extent to which they were willing to accept government support if unable to earn enough money in a job. Regularly employed middle class men showed no lack of confidence in their abilities, and they rejected any dependence on government support. Men on welfare, on the other hand, showed a marked lack of confidence, poor Negroes being even more insecure than poor whites. With respect to accepting govern-

<sup>4</sup> Elliot Liebow, *Tally's Corner* (Boston: Little, Brown, 1967), pp. 29–71.

<sup>5</sup> Lola M. Ireland, et al., “Ethnicity, Poverty, and Selected Attitudes: A Test of the ‘Culture of Poverty’ Hypothesis,” *Social Forces* (June, 1969), pp. 405–413.

<sup>6</sup> Leonard Reissman, “Readiness to Succeed: Mobility Aspirations and Modernism Among the Poor,” *Urban Affairs Quarterly* (March, 1969), pp. 379–395.

<sup>7</sup> The WIN Program was created in the 1967 congressional legislation amending the Social Security Act. The law requires “appropriate” welfare recipients throughout the country to participate in this program of training and job placement; otherwise they face the loss of welfare payments.

<sup>8</sup> The design of and detailed results from the work orientation questionnaire will appear in the following book by this author: *Do the Poor Want to Work?* (Washington, D.C.: Brookings Institution, in press). Results reported about WIN trainees were obtained under Contract No. 51-09-59-02 with the Manpower Administration, United States Department of Labor, under the authority of the Social Security Act. Interpretations offered in this paper are those of the author alone and do not necessarily represent the official position or policy of the Department of Labor or of the officers, trustees, or staff members of the Brookings Institution.



ment support, both Negro and white men on welfare were higher in their ratings than affluent men. These findings are consistent with the thesis that poor men—Negroes and whites—identify their self-respect with employment, but lack confidence in their ability to succeed through their own efforts and thus doubt that they can avoid the need for government support.

### POOR WOMEN

The rising tide of poor mothers on the A.F.D.C. rolls and the attempt to train large numbers of these mothers in the WIN program makes especially important the determination of these women's work orientations. A survey of A.F.D.C. mothers was carried out in New York City in which it was asked, "Would you prefer to work for pay or stay at home?"<sup>9</sup> Seventy per cent of the respondents said they would prefer to work. A very similar question was asked in a nationwide study of women, some of whom were on A.F.D.C. and some of whom had been rejected for A.F.D.C. Over 80 per cent of both the welfare and the near-welfare groups agreed that they would want to work if they could find steady jobs.<sup>10</sup>

A further question is whether length of time on welfare affects women's desire to work. Does the welfare experience eventually erode the work ethic? A group of 267 welfare mothers on welfare for an average of 16

years were interviewed in their homes in Baltimore as part of this author's current research. These women had as strong a work ethic, identified their own self-respect with work to the same extent, as middle class Negro and white mothers who lived in the other areas of Baltimore (and are married to the middle class men identified earlier.)<sup>11</sup> The life aspirations of the women on welfare were entirely similar to those of the more affluent women. Length of time on welfare bore no relationship whatsoever to work ethic or life aspiration.

The same results were obtained from 1,200 Negro and white WIN women at six urban sites around the country. Again, no loss in life aspirations or work ethic was noted in the group according to race or geographical region.

The major differences between the poor women and the affluent women, like the differences between poor and affluent men, center on their confidence in their abilities and the acceptability of government support. Poor women, especially long-term mothers on welfare, are insecure about their ability to succeed, and are relatively willing to accept government support when they cannot earn enough to support their families. These beliefs are consistent with their actual circumstances. How does the experience of economic failure on the part of such mother affect their children, especially their male teenagers?

### POOR YOUTH

A major concern about the rising number of families on welfare is that children brought up under conditions of dependency may lose the desire to work. The concern deepens when the high unemployment rate among poor youth is noted. The Job Corps represents a major effort to train and place poor youth in jobs. A survey of young people in the Job Corps showed them giving great emphasis to education and hard work as the way to get ahead.<sup>12</sup>

A survey connected with the Neighborhood Youth Corps was carried out in affluent as well as in poor districts of New York City.<sup>13</sup>

<sup>9</sup> Lawrence Podell, *Families on Welfare in New York City* (New York: Center for the Study of Urban Problems, City University of New York, 1968), p. 17.

<sup>10</sup> Analysis of this national study of families accepted and rejected for A.F.D.C. appears in two documents: Perry Levinson, "How Employable are A.F.D.C. Women?" *Welfare in Review*, July-August, 1970, pp. 12-16; Samuel M. Meyers and Jennie McIntyre, *Welfare Policy and its Consequences for the Recipient Population: A Study of the AFDC Program* (Washington: U.S. Department of Health, Education, and Welfare, Social and Rehabilitation Service, 1969), pp. xiii-xvii.

<sup>11</sup> Goodwin, *op. cit.*

<sup>12</sup> David Gottlieb, "Poor Youth Do Want to be Middle Class but it's not Easy," *Personnel and Guidance Journal* (October, 1967), pp. 116-122.

<sup>13</sup> *Study of the Meaning, Experiences and Effects of the Neighborhood Youth Corps on Negro Youth Who Are Seeking Work, Part I* (New York: New York University, Graduate School of Social Work, Center for the Study of Unemployed Youth, 1967), pp. 144-165.



Among questions asked of Youth Corps participants as well as middle class high school and college students was, "Supposing that somebody just gave you the money you needed every week, would you like this better than working?" Over 72 per cent of all groups responding said that they would rather work. Hence, even among the slum youth, there was an avowed interest in working that went beyond money.

Nevertheless, a great concern about money comes up again and again in interviews with poor people in general and poor teenagers in particular. A Neighborhood Youth Corps study in Houston points out that many of the young men to be served by the program laughed at the low wages being paid.<sup>14</sup> They could earn more in other jobs or in quasi-illegal street activities. Illegal activity may be preferred by some groups of poor youths and adults. A report on one set of white teenage gang members in an Eastern city reveals a preference for stealing over working.<sup>15</sup> This kind of preference probably exists among certain middle class groups as well as poor ones. The major question is whether a preference for illegal activity instead of work is generally characteristic of poor youth. A tentative answer emerges from interviews with 267 long-term welfare youth (the sons of the Baltimore long-term welfare mothers mentioned in the previous section) in which they were asked to rate their preference for certain activities such as stealing, gambling and running numbers.<sup>16</sup> The same questions were asked of 350 middle class white and Negro youths (the sons of the more affluent Baltimore parents mentioned previously).

The welfare youth rated illegal activities low, although they rated their preference for such activities slightly higher than the middle class youth. The question arises, of course, whether poor youth will tell an interviewer the truth about their preference for illegal activities. In order to test the validity of the response, a comparison study was undertaken in a small, mostly poor all-Negro community just outside the District of Columbia, in which illegal activities were frequent. The community, here called Locust Hill, earlier had been the subject of a 5-year participant-observation study by a clinical psychologist.<sup>17</sup>

The psychologist was not only familiar with the activities of some 200 teenage males but had built up a relationship of trust with them. With his cooperation it was possible to obtain interviews from most of the teenagers with more than the usual assurance that respondents were answering in good faith.<sup>18</sup> The ratings given by these Locust Hill teenagers to the illegal activity scale were higher than those of the affluent Baltimore group and slightly higher than those of the Baltimore welfare sons. But the differences were not statistically significant. Hence, even a teenage group which engages in illegal activities and is interviewed under conditions where relatively unbiased responses are expected reveals a low commitment to such activities.

It seems possible that many low-income teenagers who participate in illegal activities are not strongly attracted to these activities as such. A poor youth who cannot obtain money from his family or from a well-paying job and who does not have the hope of eventually obtaining a well-paying job may engage in petty theft or in drug traffic not because he likes it but because it is the only way he knows to obtain sufficient income.

This interpretation is strengthened by the finding that, regardless of the number of years the latter have been on welfare, the work ethic and life aspirations of Locust Hill youth and the Baltimore welfare youth are fully as strong as those of the more affluent youth. There is again the finding, however, that the welfare youth lack confidence in their abilities and are more willing to accept

<sup>14</sup> Edwin Harwood, *Houston's Out-of-School Neighborhood Youth Corps* (Final Report under Department of Labor contract 41-7-003-46, 1968), pp. v, vi, 108.

<sup>15</sup> Walter B. Miller, "White Gangs," *Transaction*, September, 1969, pp. 11-26.

<sup>16</sup> Goodwin, *op. cit.*

<sup>17</sup> Derek V. Roemer, *Adolescent Peer Group Formation in Two Negro Neighborhoods*. Ph.D. thesis, Department of Social Relations, Harvard University, 1968.

<sup>18</sup> For a portion of analysis of work orientation of Locust Hill youth, see Leonard Goodwin, "Work Orientations of the Underemployed Poor," *The Journal of Human Resources*, Fall, 1969, pp. 508-519.

government support than the affluent youth.

The fact that welfare recipients have the same life aspirations and commitment to the work ethic as affluent people suggests that welfare recipients want to work. Their lack of confidence and their willingness to accept welfare, while reasonable adjustments to their failures in the work world, may be expected to discourage their efforts to work. It has been found in the author's study of WIN trainees that those Negro women who are most willing to accept government support upon entering WIN earn the least amount of money after terminating WIN.<sup>19</sup> Their willingness to accept government support, moreover, appears to be influenced by their lack of confidence in their abilities.

The inference to be drawn is that the potential for active work-force participation is present among the poor. If these individuals were to enjoy successful experiences in the work world, if they found themselves able to earn incomes above the poverty level and above what they could receive on welfare, their confidence in their own abilities would increase and the extent of their work force participation would increase. What are the chances for welfare recipients being trained for decent jobs? An estimate must take into account the various barriers to their employment.

### BARRIERS TO EMPLOYMENT

A number of employment barriers were listed and their distribution in the A.F.D.C. population was noted during the earlier mentioned nationwide study of women receiving or rejected for welfare aid.<sup>20</sup> The following distribution of four barriers is based upon the responses of the A.F.D.C. recipients to various questions in the survey (the percentage adds

up to more than 100 per cent because of multiple responses):

<i>Employment Barrier</i>	<i>A.F.D.C. Recipients</i>
1. Poor availability of day care	51%
2. Poor general health	42%
3. Needed at home	25%
4. Poor labor market	13%

*Family and Health.* Inadequate day care is an employment barrier for half the A.F.D.C. recipients in the national study. One cannot of course conclude that if adequate day care were provided, all these recipients would enter the work force. That barrier to employment is combined with others. About 92 per cent of the recipients face more than one barrier. It would appear nevertheless that the provision of adequate day care would remove one barrier to employment. Day care facilities are woefully lacking at the present time. Of all the children of WIN trainees in day care, only 20 per cent were in outside-the-home institutional facilities.<sup>21</sup>

The barrier of poor health may not be amendable, because it may result from long-term deficiencies in nutrition and the inadequate medical service which plague the poor. The 25 per cent of welfare mothers needed at home are primarily those with small children and disabled family members. Whether the responsibilities of these women can or should be relegated to others while they go to work remains an open question. Those welfare mothers who perceive a poor labor market as the reason for their non-employment are pointing to a very significant factor regarding employability. Kinds of jobs available and salaries offered can be a major barrier (or major incentive) to employment. There is evidence to indicate that poor persons will choose welfare over work when they can obtain higher and more steady income from welfare.<sup>22</sup> During a time of high unemployment it is likely that persons with low educational achievement will have a difficult time finding jobs that pay enough to support their families.

*Lack of Skills.* The latter comment points up two other significant barriers to the employment of the poor: the low level of skill and low educational achievement. Again

<sup>19</sup> Goodwin, *op. cit.*

<sup>20</sup> Levinson, "How Employable are AFDC women?"

<sup>21</sup> *First Annual Report of HEW to the Congress on Services to Families Receiving AFDC Under Title IV of the Social Security Act* (Washington: Department of Health, Education, and Welfare, July, 1970), p. 92.

<sup>22</sup> *The Administration of Aid to Families With Dependent Children in New York City* (Washington: Department of Health, Education, and Welfare, September, 1969), p. 43.

referring to the nationwide study of welfare recipients, it appears that only about 37 per cent of these persons have had either a blue-collar skilled job or a white collar job.<sup>23</sup> Or, to put it the other way, almost two-thirds of the welfare recipients have no skills that could enable them to move into relatively high paying jobs. Moreover, the median level of education of female welfare recipients is about 10 years, with only about 18 per cent of the group having graduated from high school. Low educational achievement is a major barrier not only to employment but to benefiting from a work-training program such as WIN.

*Discrimination in the Job Market.* Racial discrimination as a barrier to Negro advancement is well known. A study based on national data has shown that Negro men have not been able to attain the same position in the occupational structure as whites with the same general social characteristics.<sup>24</sup> Other forms of discrimination exist as well.

A recent study of hiring requirements for ten different occupations—including cashier-checker, bank teller, arc welder—showed that employers differed widely on requirements concerning education, age, sex, previous experience.<sup>25</sup> A number of firms for example, would not hire applicants who did not have a high school diploma. By analyzing the success of workers, as measured by earnings and supervisors' ratings, in firms that did not have such restrictions it was found that educational level was unrelated to job success in eight of

the ten occupations. In short, the maintenance of hiring requirements that are unrelated to job success discriminates against the entrance of poor persons into many decent jobs.

*Addiction.* Another barrier to employment which cannot be ignored is addiction to alcohol or various drugs. A recent survey of persons who work in manpower training programs reveals that in their opinion a significant percentage of trainees are using drugs or alcohol to an extent that markedly interferes with their training and job prospects.<sup>26</sup> It is probably necessary to develop new institutional and service models for interrelating manpower and mental health efforts in order to remove this kind of barrier for a significant number. An example of just such an effort is to be seen in Seattle, Washington. As an experimental and demonstration project, a vocational resource center has been attached to an alcoholism treatment center. Utilizing paraprofessionals who help the recovering alcoholic obtain training and jobs, it was possible for about half of the 264 clients to remain sober and for nearly half of the latter group to obtain jobs.<sup>27</sup> Whether these kinds of efforts and results can be produced on a national scale is an open question.

*Beliefs.* A final employment barrier is the set of beliefs that poor persons hold with regard to their abilities and the acceptability of government support. As mentioned earlier, the author's follow-up study of WIN trainees showed that those who entered the WIN program with greater willingness to accept government support were less successful in obtaining employment after the program. This kind of "giving up" by accepting government support, however, may be changed.

The negative aspect of this change is seen in the fact that trainees who leave WIN without a job exhibit greater willingness to accept government support and greater lack of confidence than when they entered the program.<sup>28</sup> In contrast, trainees who obtained jobs showed no such changes. These findings substantiate the view that environmental conditions—success or failure in the work world—are responsible for the observed differences

<sup>23</sup> Levinson, "How Employable are AFDC Women?"

<sup>24</sup> Peter M. Blau and Otis D. Duncan, *The American Occupational Structure* (New York: John Wiley, 1967), p. 405.

<sup>25</sup> Daniel E. Diamond and Hrach Bedrosian, *Hiring Standards for Job Performance* (Washington: U.S. Department of Labor, Manpower Research Monograph 18, 1970).

<sup>26</sup> I. Ira Goldenberg, "Special Problems in Existing Manpower Training and Opportunity Programs: Drug Addiction and Alcoholism" (A special report prepared for the Department of Labor under Contract 82-25-41-03, November, 1970).

<sup>27</sup> *Final Report on the Vocational Resource Center* (Olympia, Washington: Washington State Employment Security Department, under MDTA Contract 82-51-7-009 with the Department of Labor, 1970).

<sup>28</sup> Goodwin, *op. cit.*

in orientation between the poor and the non-poor. The findings also dramatize the psychological damage to the poor in programs that are unable to provide experiences of success. How successful has WIN been overall?

The WIN program has been in operation since August, 1968. As of February, 1971, almost 140,000 welfare recipients had entered and left the program. Only 20 per cent left with jobs.<sup>29</sup> Or, to put it the other way, 80 per cent of WIN trainees experienced failure. Moreover, the median income of those few women who obtained jobs was estimated to be only about \$2.00 per hour.<sup>30</sup> This is hardly enough to support a family of four.

While various minor improvements undoubtedly can be made in WIN, the results have been so meager as to make dubious the basic concept that substantial numbers of welfare mothers can reach economic independence with a year or so of modest training. It appears that work training does not markedly ease the employment barriers faced by the average welfare mother. The lifetime impact of a damaging environment has had consequences that cannot be reversed in a simple manner. The chance that substantial numbers of mothers on welfare will obtain decent jobs under present conditions is small indeed. This is true in spite of the fact that the mothers maintain a strong work ethic and high aspirations and make efforts to participate in the work force—the nationwide study of A.F.D.C. recipients showed that 77 per cent of them had worked at some time during the previous three years.<sup>31</sup> These findings should alert policy-makers to the need to deal with the environmental causes of poverty rather than making minor remedial efforts for individuals after the damage has been done.

## CONCLUSIONS AND SUGGESTIONS

- 1) Poor welfare recipients have the same

<sup>29</sup> Department of Labor, Manpower Administration, "Work Incentive Program—Cumulative Enrollments and Terminations as of February 28, 1971," Table 18, p. 1.

<sup>30</sup> *The Work Incentive Program: First Annual Report to the Congress* (Washington: U.S. Department of Labor, June 1970), p. 22.

<sup>31</sup> Meyers and McIntyre, "Welfare Policy," p. 113.

life aspirations and the same commitment to the work ethic as middle class people. The poor also reject illegal activities as a suitable source of income.

2) Poor people, especially poor blacks show greater lack of confidence in their ability to succeed in the work world and greater willingness to accept welfare than more affluent persons, but such differences appear to be the result of different environmental experiences—i.e., failure instead of success in the work world.

3) The barriers to employment faced by poor people, especially poor black mothers are substantial and involve such matters as chronic illness, lack of day care for children lack of skills and racial discrimination, barriers which are beyond the immediate control of the poor themselves; nevertheless most welfare recipients have had recent work experience.

4) Attempts to upgrade the employability of welfare recipients in work-training programs such as WIN are far from successful moreover, those trainees who fail to obtain jobs become even less psychologically suited to work than when they entered the program

## SOCIAL CHANGE NEEDED

These conclusions suggest policy issues that are not prominent in current discussions of welfare reform. If the inability of welfare recipients to achieve economic independence is primarily a result of damaging environmental conditions rather than a negative view of work, the major emphasis in helping recipients should be on improving environmental conditions. Radical improvements in education, job opportunities, health services housing should be seen as necessary parts of any real welfare reform. Instead, there is emphasis on work requirements and work in

*(Continued on page 307)*

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Leonard Goodwin is a social psychologist who has just completed a 30-month study of how poor people and nonpoor people view work. The analysis will appear as a forthcoming Brookings Institution book, *Do the Poor Want to Work?*

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## CURRENT DOCUMENTS

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# President Nixon's Proposals for Welfare Reform and Revenue - Sharing

*In 1969, President Richard Nixon and his administration initiated a series of proposals defining many of the problems of poverty and welfare administration in the United States. The following excerpts show the pattern of his new federalism.<sup>1</sup>*

*On May 6, 1969, President Nixon's message to Congress contained these proposals to combat hunger in the United States:*

We have long thought of America as the most bounteous of nations. In our conquest of the most elementary of human needs, we have set a standard that is a wonder and aspiration for the rest of the world. Our agricultural system produces more food than we can consume, and our private food market is the most effective food distribution system ever developed. So accustomed are most of us to a full and balanced diet that, until recently, we have thought of hunger and malnutrition as problems only in far less fortunate countries.

But in the past few years we have awakened to the distressing fact that despite our material abundance and agricultural wealth, many Americans suffer from malnutrition. Precise factual descriptions of its extent are not presently available, but there can be no doubt that hunger and malnutrition exist in America, and that some millions may be affected.

That hunger and malnutrition should persist in a land such as ours is embarrassing and intolerable. But it is an exceedingly complex problem, not at all susceptible to fast or easy solutions.

Millions of Americans are simply too poor to feed their families properly. For them, there must be first sufficient food income. But this alone would only begin to address the problem, for what matters finally is what people buy with the money they have. People must be educated in the choosing of proper foods.

\* \* \*

The council for urban affairs has for the past three months been studying the problem of malnutrition in America, and has assessed the capacities of our present food and nutrition programs.

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<sup>1</sup> For the President's more recent proposals, see his State of the Union Message in *Current History*, March, 1971.

As a result of the council's deliberations, I am today prepared to take the following actions:

The Federal Government presently provides food assistance to nearly seven million needy Americans through the food stamp and direct distribution programs.

The present food stamp program can be greatly improved. I shall, in a short period of time, submit to the Congress legislation, which will revise the food stamp program to:

—Provide poor families enough food stamps to purchase a nutritionally complete diet. The Department of Agriculture estimates this to be \$100 per month for a typical family of four.

—Provide food stamps at no cost to those in the very lowest income brackets.

—Provide food stamps to others at a cost of no greater than 30 per cent of income.

—Ensure that the food stamp program is complementary to a revised welfare program, which I shall propose to the Congress this year.

—Give the Secretary of Agriculture the authority to operate both the food stamp and direct distribution programs concurrently in individual counties, at the request and expense of local officials. This will permit the Secretary to assist counties wishing to change from direct distribution to food stamps, and to meet extraordinary or emergency situations.

*On August 11, 1969, President Nixon sent a comprehensive welfare plan to Congress. Excerpts follow:*

A measure of the greatness of a powerful nation is the character of the life it creates for those who are powerless to make ends meet.

If we do not find the way to become a working nation that properly cares for the dependent, we shall become a welfare state that undermines the incentive of the working man.

The present welfare system has failed us—it has fostered family breakup, has provided very little help in many states and has even deepened de-



pendency by all too often making it more attractive to go on welfare than to go to work.

I propose a new approach that will make it more attractive to go to work than to go on welfare, and will establish a nationwide minimum payment to dependent families with children.

We would assure an income foundation throughout every section of America for all parents who cannot adequately support themselves and their children. For a family of four with less than \$1,000 income, this payment would be \$1,600 a year; for a family of four with \$2,000 income, this payment would supplement that income by \$960 a year.

\* \* \*

A new Federal minimum of \$1,600 a year cannot claim to provide comfort to a family of four, but the present low of \$468 a year cannot claim to provide even the basic necessities.

The new system would do away with the inequity of very low benefit levels in some states, and of state-by-state variations in eligibility tests, by establishing a federally financed income floor with a national definition of basic eligibility.

\* \* \*

The new approach would end the blatant unfairness of the welfare system.

In over half the states, families headed by unemployed men do not qualify for public assistance. In no state does a family headed by a father working full-time receive help in the current welfare system, no matter how little he earns. As we have seen, this approach to dependence has itself been a cause of dependency. It results in a policy that tends to force the father out of the house.

The new plan rejects a policy that undermines family life. It would end the substantial financial incentives to the desertion. It would extend eligibility to all dependent families with children, without regard to whether the family is headed by a man or a woman.

The most glaring inequity in the old welfare system is the exclusion of families who are working to pull themselves out of poverty. Families headed by a non-worker often receive more from welfare than families headed by a husband working full-time at very low wages. This has been rightly resented by the working poor, for the rewards are just the opposite of what they should be.

The new plan would create a much stronger incentive to work.

For people now on the welfare rolls, the present system discourages the move from welfare to work by cutting benefits too fast and too much as earnings begin. The new system would encourage work by allowing the new worker to retain the first \$720 of his yearly earnings without any benefit reduction.

\* \* \*

The bridge from welfare to work should be but-

tressed by training and child care programs. For many, the incentives to work in this plan would be all that is necessary. However, there are other barriers to employment.

I propose that funds be provided for expanded training and job development programs so that an additional 150,000 welfare recipients can become jobworthy during the first year.

\* \* \*

The new system will lessen welfare red tape and provide administrative cost savings. To cut out the costly investigations so bitterly resented as "welfare snooping," the Federal payment will be based upon a certification of income, with spot checks sufficient to prevent abuses.

The program will be administered on an automated basis, using the information and technical experience of the Social Security Administration, but, of course, will be entirely separate from the administration of the Social Security Trust Fund.

The states would be given the option of having the Federal Government handle the payment of the state supplemental benefits on a reimbursable basis, so that they would be spared their present administrative burdens and so a single check could be sent to the recipient. These simplifications will save money and eliminate indignities; at the same time, welfare fraud will be detected and lawbreakers prosecuted.

This new departure would require a substantial initial investment, but will yield future returns to the nation. This transformation of the welfare system will set in motion forces that will lessen dependency rather than perpetuate and enlarge it.

\* \* \*

This would be the effect of the transformation of welfare into "workfare," a new work-rewarding system.

For the first time, all dependent families with children in America, regardless of where they live, would be assured of minimum standard payments based upon uniform and single eligibility standards.

For the first time, the more than two million families who make up the "working poor" would be helped toward self-sufficiency and away from future welfare dependency.

For the first time, training and work opportunity with effective incentives would be given millions of families who would otherwise be locked into a welfare system for generations.

For the first time, the Federal Government would make a strong contribution toward relieving the financial burden of welfare payments from state governments.

For the first time, every dependent family in America would be encouraged to stay together, free from economic pressure to split apart.

These are far-reaching effects. They cannot be purchased cheaply, or by piecemeal efforts. This

total reform looks in a new direction; it requires new thinking, a new spirit and a fresh dedication to reverse the downhill course of welfare. In its first year, more than half the families participating in the program will have one member working or training.

We have it in our power to raise the standard of living and the realizable hopes of millions of our fellow citizens. By providing an equal chance at the starting line, we can reinforce the traditional American spirit of self-reliance and self-respect.

*On August 13, 1969, President Nixon sent a message to Congress detailing a plan for the sharing of federal revenues with the states.*

If there is a single phenomenon that has marked the recent history of nations, large and small, democratic and dictatorial, it has been rise of the central Government.

In the United States, revenues of the Federal Government have increased 90-fold in 36 years. The areas of our national life where the Federal Government has become a dominant force have multiplied.

The flow of power from the cities and states to Washington accelerated in the Depression years, when economic life in America stagnated, and an energetic national Government seemed the sole instrument of national revival. World War II brought another and necessary expansion of the Federal Government to marshal the nation's energies to wage war on two sides of the world.

\* \* \*

Today, however, a majority of Americans no longer supports the continued extension of Federal services. The momentum for Federal expansion has passed its peak; a process of deceleration is setting in.

\* \* \*

The problems of the cities and the countryside stubbornly resisted the solutions of Washington; and the stature of the Federal Government as America's great instrument of social progress has suffered accordingly—all the more so because the Federal Government promised so much and delivered so little.

\* \* \*

As the Federal Government grew in size and power, it became increasingly remote not only from the problems it was supposed to solve, but from the people it was supposed to serve. For more than three decades, whenever a great social change was needed, a new national program was the automatic and inevitable response. Power and responsibility flowed in greater and greater measure from the state capitals to the national capital.

Furthermore, we have hampered the effectiveness of local government by constructing a Federal grant-in-aid system of staggering complexity and

diversity. Many of us question the efficiency of this intergovernmental financial system which is based on the Federal categorical grant. Its growth since the end of 1962 has been near explosive.

\* \* \*

Another inevitable result of this proliferation of Federal programs has been a gathering of the reins of power in Washington. Experience has taught us that this is neither the most efficient nor effective way to govern; certainly it represents a radical departure from the vision of Federal-state relations the nation's founders had in mind.

This Administration brought into office both a commitment and a mandate to reverse the trend of the last three decades—a determination to test new engines of social progress. We are committed to enlist the full potential of the levels of Government closer to the people.

This week, I am sending to Congress for its approval for fiscal year 1971 legislation asking that a set amount of Federal revenues be returned annually to the states to be used as the states and their local governments see fit—without Federal strings.

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Our ultimate purposes are many: to restore to the states their proper rights and roles in the Federal system with a new emphasis on and help for local responsiveness; to provide both the encouragement and the necessary resources for local and state officials to exercise leadership in solving their own problems; to narrow the distance between people and the government agencies dealing with their problems; to restore strength and vigor to local and state governments; to shift the balance of political power away from Washington and back to the country and the people.

This tax-sharing proposal was pledged in the campaign; it has long been a part of the platform of many men in my own political party—and men in the other party as well. It is integrally related to the national welfare reform. Through these twin approaches we hope to relieve the fiscal crisis of the hard-pressed state and local governments and to assist millions of Americans out of poverty and into productivity.

*The President's Commission on Income Maintenance Programs released the following report on November 12, 1969:*

For the past 22 months this commission has been studying the poor in America and the programs designed to help them. In the course of our investigations we have traveled throughout the country and talked with many of the poor as well as with public officials. We have found severe poverty and its effects throughout the nation and among all ethnic groups. This poverty is not only relative to

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## BOOK REVIEWS

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### ON NATIONAL PRIORITIES

COUNTERBUDGET. A BLUEPRINT FOR CHANGING NATIONAL PRIORITIES. EDITED BY ROBERT S. BENSON AND HAROLD WOLMAN. (New York: Praeger, 1971. 330 pages, appendices and index: \$8.95, cloth; \$2.95, paper.)

Hoping to "provoke responsible, benevolent, and practical argument and thought," the National Urban Coalition offers a "counterbudget" in this well written summary. This alternative federal budget is actually a reordering of national priorities to face what are perceived as the nation's most urgent needs: ending poverty, reforming education, and allocating more funds to state and local governments.

The National Urban Coalition was born in the turmoil of the summer of 1967. In the introduction to this study, the steering committee of the coalition has framed six urgent national goals for the United States: full employment; equal opportunity; providing every American with the basic necessities; rectifying the revenue imbalance between federal, state and local governments; providing for military security; and meeting foreign aid obligations.

Its counterbudget calls for federal spending of \$3.56 billion in 1976 and for increased taxes of various sorts to provide the revenue needed. The book includes careful and detailed analyses of such problems as human development (including health and education), social and physical development (including fiscal relief for states and localities, metropolitan development, housing, transportation, and family planning and population growth), and the ordering of society under law (including reforms in law enforcement and criminal justice).

In the words of the foreword, the study is offered "as a thoughtful alternative to simply extending present priorities into the

future. Our purpose . . . is to stimulate more informed public debate over how resources ought to be allocated to attain the goals most Americans share." Not every reader will agree on the reordered priorities: the defense budget is to be reduced; expenditures for environmental protection are largely postponed; taxes for middle class Americans are to be raised; the nation's poor and near poor are to receive federal subsidies. Nonetheless, careful reading should alert readers to the necessity for making national budget choices. The study concludes hopefully that "We have the resources to create a better life, if we have the will to redirect the use of these resources." O.E.S.

THE CASE AGAINST HUNGER. A DEMAND FOR A NATIONAL POLICY BY ERNEST F. HOLLINGS. (New York: Cowles Book Co., 1971. 267 pages and index, \$6.95.)

"Hunger in America is slow death"; all the more horrifying because the poor slowly die in the midst of affluence and because the affluent do not believe that millions of Americans are hungry. In this moving book, Senator Ernest Hollings (D., South Carolina) details the plight of America's hungry, noting that "Maybe our failure to understand the plight of the hungry rests not so much with lack of compassion as it does with a limited imagination—to imagine what it's like to be born hungry and stay hungry." Of the nation's poor, says this southern Senator, five million are aged and seven million exist in families headed by a woman—often a woman who cannot leave small children. Hungry children in such families, he notes, cannot be helped by job retraining, higher minimum wages, accelerated economic growth or public works projects. They need food. Thus the important goal, as he sees it, is to make sure

the hungry are fed. And, in fact, citing statistics from Japan's postwar school lunch program, the Senator offers proof that improved nutrition improves the nation's health and strengthens the labor force.

Unfortunately, there is a tragic polarization between the farmer and the hungry poor. Within a 40-mile radius of Timmonsville, South Carolina, writes Hollings, there are 40 farmers who receive more than \$40,000 each from the federal government for not planting crops; yet the farmers are afraid that if the children of his help are fed the farm hands will not work with the same urgency. So it is that a United States Senator can be publicly cursed for sponsoring a food stamp program.

According to Senator Hollings, "almost fifteen million Americans continue life on or near the edge of starvation." With this fact in mind, the Senator suggests that President Nixon lead the fight against hunger in America, to give drive and direction to the program. The administration's present stress on "Workfare" rather than welfare does not take into account the fact that of the 8.2 million in America on the welfare rolls, less than 1 per cent are able to work: the rest are the aged, the children and their mothers, and the disabled. They are hungry and it is possible, in affluent America, to see that they are fed. Details of the plan offered by Senator Hollings may not seem practical to all readers, but this haunting book points up one of the major problems for our society. O.E.S.

**THE WELFARE STATE.** BY MELVILLE J. ULMER. Boston: Houghton Mifflin, 1970. 172 pages, notes and index, \$2.95, paper.)

This is an informative analysis of the new economics by a professor of economics at the University of Maryland. After discussing inflation, unemployment, and the workings of the new economics, the writer describes the alternatives to the current welfare system: "jobs or doles," favoring the former, with an emphasis on rehabilitation and job opportunities. A

discussion of quantity and quality in economic life and the author's plan for stability follows. O.E.S.

## CURRENT DOCUMENTS

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rising American living standards, but is often stark and absolute. There are too many American families with inadequate shelter, inadequate clothing, absolute hunger, and unhealthy living conditions. . . .

We have concluded that more often than not the reason for poverty is not some personal failing, but the accident of being born to the wrong parents, or the lack of opportunity to become nonpoor, or some other circumstance over which individuals have no control.

In addition to the current poor, we have been concerned with others who easily could become poor. Most persons who depend on earnings for their incomes face the risk of losing that access to prosperity through accident, disability, loss of a breadwinner, or obsolescence of skills. Few Americans are wholly free from the economic vicissitudes of life.

We have found that existing governmental mechanisms and institutions are simply inadequate for alleviating existing poverty and protecting the nonpoor against risks that they are incapable of dealing with themselves. We have found that there is no over-all system of economic security. But the commission feels strongly that the problem of poverty must be dealt with by the Federal Government. It is possible to assure economic security for an American within the basic framework of existing political and economic institutions. It is time to construct a system which will provide that security.

At the end of 1968, there were 25 million poor Americans as measured by the Federal Government's poverty index. This index allows a non-farm family of four \$3,553 per year, or \$2.43 per person per day, to meet all living expenses. In contrast to the poverty index, a recent Department of Labor study found that an urban American family of four needed at least \$4.05 per person per day to meet its needs.

Using the lower, official poverty definition, we find that:

¶ About one-half of all poor families live in the South;

¶ Two-fifths of the poor are children under 18;

¶ Two-thirds are white;

¶ One-fifth are over age 65;

¶ And perhaps most striking of all, over one-

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## GOVERNORS AND MAYORS

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crucial test was decided in the House, where opposition to O.E.O. had always been the strongest. An amendment proposed by Representative Edith Green (D., Ore.), the second-ranking Democrat on the Education and Labor Committee and a perennial O.E.O. critic, provided that the C.A.A.'s should be under a state or local government having duly elected or appointed governing officials. As later modified, the amendment provided that a public or private nonprofit agency could be designated by a state or political subdivision of a state. It further specified that community action boards be limited to 51 members, one-third of whom would be public officials, including chief elected officials. The so-called Green amendment weathered acrimonious House debates and a House-Senate Conference on the poverty legislation, tempered only by minor modifications.<sup>21</sup>

The mayors' organizations initially supported the amendment provided that control be optional, not mandatory as originally proposed. But the mayors, who had called for a provision like Edith Green's since 1964, eventually backed away from lobbying for its passage. These were their reasons:

1. Most mayors were able to control C.A.A.'s through the appointive process and by other means.
2. Heat would be taken off the O.E.O. and instead pressure might be put upon local government chief executives.
3. It was feared that if community action passed under local government control Congress would require local fiscal support.

<sup>21</sup> *Public Law 90-222*, Sec. 210-211. Modifications included: (a) O.E.O. could fund private groups where public officials failed to carry out a program satisfactorily, and: (b) the effective date was moved ahead seven months to February 1, 1969.

<sup>22</sup> As of June 30, 1968, only 34 of 1,012 community action agencies were governmental instrumentalities. Comptroller General of the United States, "Review of the Economic Opportunity Programs" (Washington, D.C., 1969), 54.

<sup>23</sup> Cf. *Congressional Quarterly* 25 (December 15, 1967), 2547; also, Bernard Hillenbrand, "Why We Support the Green Amendment," *American County Government* 33 (February, 1968), 10.

<sup>24</sup> James Sundquist, *op. cit.*, pp. 143-145.

Once the implications of this amendment were fully understood, the mayors sought modifications of its restrictive intent and greater flexibility in its application. Ever after the passage of the Green amendment few transfers from the private, nonprofit classification to local public agencies occurred.<sup>22</sup>

In addition to congressional and bureaucratic supporters of the amendment, its principal backers were governors and county officials. The governors operated most effectively upon Senate Republicans and the House Republican leadership, especially on Congressman Albert Quie of Minnesota, ranking Republican on Education and Labor, and Charles Goodell, Director of the Republican and Research Committee. N.A.C.O., the most persistent O.E.O. critic among the public interest groups, organized county officials nationally behind the amendment, notably in Oregon, where a former N.A.C.O. president assisted Mrs. Green in her drive for the public official control provision. In short, far from being a "city hall provision," as some observers maintained, the passage of the Green amendment was largely attributable to the work of county and state officials operating in a congressional setting ripe for reprisals against the poverty program.<sup>23</sup>

The passage of the Green Amendment in 1967 may have saved the program temporarily from more drastic revisions. A state-run and state-administered poverty program, whether administered directly by O.E.O. or, as in the Republican's "Opportunity Crusade," by old-line departments, had been advocated by House Republicans and a handful of Democrats from the program's outset.<sup>24</sup> In 1969, Congress again debated an extension of the poverty program. But the legislative climate had changed considerably in the wake of a new Republican administration, dedicated to a "New Federalism" in which the states were to be given a more prominent position.

Fulfilling his campaign pledge to restructure the program, President Richard Nixon called for the transfer of four O.E.O. programs to regular line departments—Headstart, health services, and foster grandparents



to H.E.W., and Job Corps to Labor. He otherwise proposed a two-year continuation of existing O.E.O. programs, including community action, pending further study and review. But following an apparent agreement among the White House, liberal Democrats, and congressional leaders over this compromise with retention of community action under city control, a bipartisan group of O.E.O. critics unveiled a substitute bill that would give the states control over the entire program.

Once again, the public interest groups and their members lobbied vigorously, this time with the mayors opposed by the governors and county officials. The governors and their allies argued the advantages of greater state involvement, the benefits in maintaining the federal system, the importance of public official accountability. Mrs. Green charged O.E.O. with a "serious breach of congressional intent" by not fully implementing the 1967 amendments.<sup>25</sup> For N.G.C., whose ranks included the postwar high of 31 Republican governors, this was a final showdown in N.G.C. efforts to achieve state control by congressional fiat. The U.S.C.M.-N.L.C.—led by Mayors Daley, Lindsay, Stokes and Lugar—protested bitterly over a possible takeover by the states, arguing that the states had demonstrated their unresponsiveness to the needs of the poor, particularly those in urban slums.

Caught between the pressures of the Republican governors, a new O.E.O. director who called the substitute crippling, and the various congressional factions, the President emphasized that O.E.O. Director Don Rumsfeld had already put into effect needed organizational changes and deserved the opportunity to develop his own program. Apparently placating some Republican op-

ponents, Rumsfeld promised Republican House leaders that he would make sure that the Green Amendment would be revived and that the states would be provided with a much stronger voice in O.E.O. programs.<sup>26</sup> Thus, the two-year extension of O.E.O. passed Congress.

As of 1971, O.E.O. and the poverty program still exist, but hardly on the scale or structure of an earlier period. The transition has been remarkable. One President's commitment to eradicate poverty has given way to another's proposal to research ways to aid the poor; O.E.O., once the principal vehicle for attacking poverty, now plays the role of "incubator" for experimentation; an agency with 10 separate programs and a \$2 billion budget has been cut to one-half that size; a coordinating agency of public and private poverty resources in the White House Office has shifted to another operating line agency under the control of H.U.D.'s City Demonstration Agencies. Finally, a program in which the poor were to be involved in planning, design and implementation has become a program operated under the control of state and local officials. The metamorphosis is nearly complete. The forces of federalism have prevailed.

Whatever else the poverty program may have accomplished, it fell far short in coordinating public and private resources for a concerted assault upon poverty. Rather than reforming the federal system, stimulating changes from top down and bottom up, O.E.O. was largely captured and undermined by the dominant centripetal forces in the system itself. One of the major purposes in creating an independent executive agency—O.E.O.—and bypassing traditional governmental structures was to avoid unresponsive bureaucracies and old line agencies often captured by their clientele and run by program professionals and their intergovernmental counterparts. But although the poverty program failed in many respects, it made a vital contribution, directly or indirectly, in setting the agenda for future structural and substantive reforms, at all governmental levels.

<sup>25</sup> Public letter from Congresswoman Edith Green to Carl Perkins, Chairman, House Committee on Education and Labor, dated February 17, 1968; also, Edith Green, "Who Should Administer the War on Poverty," *American County Government* 13 (January, 1968), 8-10.

<sup>26</sup> *Congressional Record* (December 12, 1969), pp. 12, 329. Letter from Donald Rumsfeld, O.E.O. Director, to Representative John Anderson, Chairman of the House Republican Conference.

## THE POVERTY PROBLEM

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increasingly akin to the poverty of the women-headed household—fathers are missing from more than three-fourths of the A.F.D.C. homes.

Moreover, trying to reintegrate this fatherless household into workaday society taxes the imagination. First, race is involved (over 47 per cent of the homes are black); second, welfare mothers typically have dubious prospects for employment. The typical A.F.D.C. mother—about 25 or 30 years old, with an eleventh grade education and usually unskilled—secures at best a \$50 a week waitress or hospital aid type job. Furthermore, the great majority of A.F.D.C. women have children of school age or younger; even day care centers are useless to women offered night or shift work. Most women settle for welfare, although the \$215 a month for a family of four in Los Angeles, the \$226 in Chicago, the \$246 in Philadelphia, even the \$284 in New York often fails to yield the bare necessities.<sup>18</sup>

Ultimately, the resolution of the "welfare crisis" triumphs or founders on the constitution of poverty. Unquestionably, poverty depresses its victims; deficient diets vitiate the body as fetid tenements—including the "project" variety—exhaust the spirit. Yet is the touted character of poverty—the dulled

ambitions, "psychic exhaustion," illegitimacy and limited role skills, to list a few characteristics—wedded so firmly to behavior and etched so indelibly that a unique culture can arise out of the midst of a people presumably steeped in pathology?

Probably not. Not only are the poor in America's pluralistic society as diverse as the non-poor, which inhibits the development of a unique culture, but the essence of their lives lacks a basis for the creation of a separate culture. In fact, the lives of poor Americans are shaped more by the circumstance of their lowly niche in a highly materialistic, status-conscious society, than by the strictest norms of some strange new culture.

Furthermore, for a culture to be transmitted it must first be effective. While there is evidence, to be sure, that the poor live in enclaves and enjoy considerable social intercourse, there is no evidence that their way of life—rife with unemployment, a poor diet, failing health, and asocial behavior—is effective. True, Lee Rainwater, in his study of the St. Louis' Pruitt-Igoe housing project, observed behavioral traits that appeared dysfunctional to the outsider but proved functional in the poverty setting. However, this "unreasonable behavior," explains Rainwater, "is a logical extension of the styles of life that are available to the lower classes." Such behavior, then, rather than being "causative" of joblessness and poverty, and consequently the basis for a "culture," represents instead the poor's response to a situation of low income, high unemployment, poor housing and the other concomitants of poverty.<sup>19</sup>

Moreover, as numerous students of poverty have observed, these poverty enclaves never escape the dominant society vibrating around them. Clothes, cars, television—the message of the media pours in unmercifully, incessantly mocking the poor man's frailty. And the poor are as vulnerable as the rich to the wants and needs manufactured by Madison Avenue. Whether bare-footed peasants or streetcorner people, their aspirations course with the mainstream.<sup>20</sup> Change the existential situation of the poor, unleash their pent-up

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<sup>18</sup> David B. Eppley in "The AFDC Family in the 1960's," *Welfare in Review*, 8 (September-October, 1970) argues that the A.F.D.C. family changed in the 1960's—more in cities, more without fathers, and from largely white to half white and half black.

<sup>19</sup> For an excellent discussion of the "Culture" versus "situational" argument, see Jack L. Roach and Orville R. Gursslin, "An Evaluation of the Concept 'Culture of Poverty,'" *Social Forces*, 45 (March, 1967); and Gans, "Culture and Class in the Study of Poverty."

<sup>20</sup> For evidence that the poor do harbor middle class aspirations see Hylan Lewis, "Child Rearing Among Low-Income Families," and S. M. Miller, et al., "Poverty and Self-indulgence: A Critique of the Non-Deferred Gratification Pattern," both in Ferman, et. al., *Poverty in America*; an excellent discussion of the character of poverty is contained in Abraham S. Levine's article "Understanding and Fighting Poverty," *Welfare in Review*, 9 (March-April, 1970), pp. 24-27, Levine seconds Thersstrom's thesis that the poor are caught in a consumption-oriented society and are immune to the 19th century habit of thrift which helped lift the European ethnic poor.

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## WELFARE REFORM

*(Continued from page 260)*

pand education, particularly for early childhood development and vocational education.

10. A national health program to assure medical care, rehabilitation and social services to the disadvantaged to enable them to be able-bodied, healthy and self-supporting.

As a first step, the present welfare system must be radically overhauled. No one is happy with the present system—not the welfare recipients, the taxpayers, the administrators, or Congress or the state legislators. Today, only about one-half of the poor are getting any assistance under federally-aided welfare programs, and in many states those who receive public assistance are still well below the poverty line. We must be willing to take a few risks and experiment with bold new approaches. We can begin by converting the present hodgepodge of state welfare programs into a federally-financed system of income payments for the aged, the blind, the disabled, and dependent children, with eligibility, the amount of payments, financing, and appeals determined on a national basis.

We must work to replace the welfare system with some form of income maintenance or other program which would assure a reasonable income. However, much more work has to be done on devising a viable, acceptable program. In the meantime, we must continue to improve and build on the programs we have.

If the number of persons who are poor were to decline from 25 million to 15 million in the foreseeable future because of the programs outlined above, the cost for welfare would be substantially less than what it otherwise might cost. A program to reduce and abolish poverty is thus the true welfare reform which should be defended and demanded.

The problem of eliminating poverty cannot be solved by so simple a method as handing every poor person a check that would raise him above the poverty level. In the first place, such a program probably would not be acceptable indefinitely to many taxpayers or to recipients, if it applied to large numbers

of persons. In the second place, a simple monthly payment would not prevent future poverty. But the United States does have the material and intellectual resources to devise and afford a comprehensive, far-reaching, imaginative program which would be politically acceptable and would in the long run prevent people from becoming poor. We need the national will to do so. I believe that we can and we must develop this will.

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## THE GROWING WELFARE PROBLEM

*(Continued from page 265)*

Thus six of the top seven states are moving or have moved to stem the welfare "tide."

### THE FUTURE

In August, 1969, President Nixon announced a bold welfare proposal, the Family Assistance Plan. Long buffeted by Congress, its final form is still uncertain. However, any new legislation must deal with the crucial issues of welfare: how to provide, at a politically acceptable cost, adequate support for the unemployable without destroying the work incentives of the employable. Not only are there considerable gaps in our current welfare system (for example, non-aged childless persons and many male-headed households), but existing benefits rarely approach adequacy. Indeed, only about one state in four pays the full amount it considers the minimum standard of basic needs in A.F.-D.C.; other programs generally provide better, but nevertheless skimpy, benefits.

Those who can work must have an adequate incentive to do so. The present system taxes away—excluding the first \$30 of monthly earnings plus work expenses—\$2 of every \$3 earned by relief recipients, considered by some as robbing them of work incentive. Requiring recipients to work or lose present benefits is another form of "incentive." There is little question that most welfare mothers *can* work; about one-fifth do. But still unresolved is whether they *should* work, especially if coercion is involved. If so, what

kinds of jobs and earnings can they secure and what should be the federal government's responsibility to ensure employment opportunities?

Finally, there is the ever-present question of costs. Broader coverage, higher benefits, bigger work incentives, job creation and necessary supportive services all increase the cost of welfare. The estimated initial extra costs of the Nixon proposal to overhaul the relief system are about \$5 billion annually. States and cities faced by rising welfare costs have turned to the federal government for added assistance, asking it to absorb all welfare costs or to establish uniform national minimum levels to reduce the lure of liberal welfare states to public assistance recipients. Indeed, the alleged prevalence on some states' rolls of migrants from other states has been used to justify the call for federal involvement. A federal takeover would allow more consistent standards of eligibility and benefits. It would also permit financing primarily through the progressive federal tax income system rather than through regressive state sales and local property taxation. But it would result in even higher welfare expenditures and a continued flow of power toward the federal government.

The problem of conflicting criteria remains, and no "solution" can be shown to be best; the political process will have to answer the riddle of welfare. Approaching the nation's 200th anniversary, we are still trying to meet the challenge voiced over two centuries ago by Samuel Johnson: "A decent provision for the poor is the true test of civilization."

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## NIXON'S NEW FEDERALISM

*(Continued from page 283)*

sary to increase property and sales taxes beyond their present high rate. The new welfare proposals of the Nixon administration, with a guaranteed minimum income for needy families, would appear to open the door for a national program covering all relief needs, supported entirely by federal funds. True, this is opposed to the administration's

own concept of "new federalism," but it would appear to be the only sound solution to what is undoubtedly the country's most challenging problem.

Another proposal, which would be most helpful to cities and local communities throughout the country, is that the states should take over the full costs of education. Education is by far the largest item in local budgets. But at present there are wide differences in the quality of education provided by local districts within each state. If the states were to assume the responsibility for financing and setting standards for all schools, an enormous burden would be removed from the property tax, with all its unfairness.

It is true that many states appear to be as hard pressed financially as the cities and local communities. But they have a means of financing open to them which is not feasible for local communities—the income tax. Only a few states have adopted an effective income tax, but there is no real barrier to such action. In the interest of simplicity and effectiveness, it has been proposed that the state income tax should be collected as part of the federal tax and then remitted to the states.

A somewhat less radical proposal would be a plan whereby taxpayers are permitted to deduct from their federal tax the amount of income tax paid to a state. Such a credit would reduce the yield of the federal tax but would represent, in the opinion of many, a desirable form of revenue-sharing. It would not in itself distribute funds to the neediest states. But this could be achieved by strengthening and simplifying the federal grants-in-aid system. Most of the grant programs are extremely valuable and should be continued.

It cannot be denied that the application of this principle may create problems. Local control, particularly in such matters as education, public health, and welfare, is a deeply rooted American custom. Yet some control must clearly accompany any allotment of funds. Otherwise there can be no guarantee that the funds will be used honestly and efficiently. When one considers the backwardness and poverty of many state and local governments, it is difficult to believe that a re



ersal of the long-time trend toward greater national control in the field of social welfare is to be desired. Control by local or state authorities, as implied in the "new federalism," does not assure that the interests of the poor and deprived will get greater attention. Techniques for achieving that have been developed in some of the federal poverty programs which are administered independently of city hall. What is needed, in a word, is greater democratization of our social services, which is not at all the same thing as greater federalism.

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## ENVIRONMENT AND THE POOR

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entives as if the problem of poverty were located primarily in the unwillingness of the poor to work.

Understandably, public officials and taxpayers at large will not take readily to the idea that major social changes have to occur if the welfare problem is to disappear. Much money and energy are required to improve educational opportunities for the poor or to eliminate discrimination. Middle class persons, moreover, even those who are trying to help the poor, like the WIN staff, tend to believe that the welfare poor have a low work ethic and low aspirations.<sup>32</sup>

But even if a consensus developed in America, the necessary changes could not be made overnight. How to support welfare families at the present time would still be an issue. Gilbert Steiner has emphasized the need to provide "honorable dependency."<sup>33</sup> That is, welfare families should receive a decent level of public support without any kind of stigma like work requirements attached to that support. Such a policy assumes, correctly, that the problem of poverty lies primarily in our social organization

and not in the psychology of the poor. Current welfare reform continues to make the opposite assumption.

That is not to say that the federalization of the welfare program and the setting of nationwide minimum welfare payments as proposed by the Nixon administration are unwelcome. The point is that the setting of such a low minimum—\$2,400 per year for a family of four when the poverty level for such a family is \$3,900—and attaching a stringent work requirement to the program mean that the poor are regarded as having caused their own plight. When the damaging impact of the environment (including the impact of the very programs that are supposed to help the poor, such as WIN) is recognized, welfare reform will move to more realistic issues. These will involve the provision of "honorable dependency" and of more serious and steadfast means of increasing opportunities for the poor to become nonpoor.

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## THE POVERTY PROBLEM

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aspirations for a better life and, to follow Herbert Gans, the poverty-linked non-standard behavior might very well vanish.

Unfortunately, altering the existential situation of the poor involves the gnawing question of inequality. While close to a quarter of the population scratches and scrounges below the poverty line, others bask aboard yachts in the Bar Harbor or Coral Gables sun. A recent item in *The New York Times* listed the salary of the president of International Telephone and Telegraph at \$766,000 a year, not including his annual stock options. In the same vein, each spring an article appears in *Time* or *Newsweek* carping at the millionaires who slip through the income tax net. This is not meant to suggest that equality could be achieved by plugging income tax loopholes; it is a glimpse of inequality.<sup>31</sup>

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<sup>32</sup> Leonard Goodwin, "On Making Social Research Relevant to Public Policy and National Problem Solving," *The American Psychologist* (May, 1971), pp. 431-442.

<sup>33</sup> Gilbert Y. Steiner, *The State of Welfare* (Washington: Brookings Institution, 1971), pp. 4-338.

<sup>31</sup> Michael Jensen, "I.T.T. Under Fire," *The New York Times* (September 5, 1971), p. III-1; Robert Bendiner, "Poverty is a Tougher Problem than Ever," in Harold Sheppard, ed., *Poverty and Wealth in America* (New York: Quadrangle, 1970), pp. 78-88.



The New Deal illusion of greater income equality was shattered as early as 1939 when the Temporary National Economic Committee published monographs showing that, despite the New Deal's social legislation, income disparity was as great as ever. By increasing employment and raising incomes, World War II facilitated some leveling, but after 1948 any change in income distribution ceased. In 1947, the poorest 20 per cent in America shared only 5.1 per cent of the nation's income; by 1960, the poorest had only 4.9 per cent.

After 1952, liberals abandoned any faith that the income tax might be used as a lever to promote equality. In good Keynesian form, they supported federal spending programs, which they trusted to lubricate the economy and in that way to ease the way to equality. But expressways and cloverleafs expanded the lily-white suburbs; enlarged state universities educated the middle class; and farm subsidies burgeoned the wealth only of the 11 per cent of the farm population with yearly incomes over \$20,000. In addition, although schools, roads and airports broadened the opportunities of the affluent, the submerged quarter of the population paid the price in regressive taxation, discriminatory bail procedures, and prohibitive mortgage costs.<sup>22</sup>

Inequality and its sister, racism, lurk in the shadows of most of America's poverty. The affluent begrudgingly pay for their self-satisfaction in state and federal welfare taxes. However, overcoming inequality and eradicating poverty demand sacrifices that few are willing even grudgingly to pay. An end to poverty requires more than equitable taxation (which is necessary); it calls for a reshaping of America's quantitatively ordered society, where mass consumption co-reigns with profit-taking. In a qualitatively ordered society, both profits and consumption patterns would be tempered by the needs of the com-

monweal. This is not utopian, but a crucial necessity if society is to rescue its environment from despoliation and afford to all decent, not a minimum, standard of living.

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## CURRENT DOCUMENTS

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third of the poor live in families in which the family head works throughout the year. Among the "working poor" the average gap between family income and the poverty line exceeds \$1,000. . . .

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Existing income maintenance programs originated in the Depression of the 1930's when millions were unemployed. Underlying the design of these programs was the notion that in our society employable people should obtain their income through employment. If there were enough jobs and adequate education would assure young people a place in the labor force when they left school. Then families and individuals would need protection only against changes in the unemployment rate, and against the crippling losses of income if the breadwinner retired, died, or became disabled. "Public assistance" would be needed as a "residual program" to aid those considered unable to enter the labor force . . .

Clearly, the three-pronged strategy of the 1930's—relying on employment to provide adequate income to workers and their families, social insurance to maintain incomes of workers forced out of their jobs, and residual aid to those who are unemployable for non-insured reasons—has not eliminated poverty, and it cannot . . .

Our main recommendation is for the creation of a universal income supplement program financed and administered by the Federal Government, making payments based on income needs to members of the population. The payments would vary by family size and would provide a basic income for any needy family or individual.

\* \* \*

The relatively low dollar cost of the program recommended should underscore the fact that the proposals are not designed to solve all the nation's social problems. But the level of this universal program, which equitably and simply transfers cash income to the poor, can be raised in the future. With such a basis we shall have gone far toward solving the critical problem of poverty in this nation. By approaching this goal in a manner that reaffirms our society's respect for the worth and dignity of all its citizens, we shall have recognized the responsibilities of affluence and, in doing so, we shall have improved the quality of our national life.

<sup>22</sup> For a discussion of the New Deal and the concentration of industry and wealth see Ellis W. Hawley, *The New Deal and the Problem of Monopoly* (Princeton: Princeton University Press, 1966); excellent for a look at poverty and inequality since World War II is Ross Leonard's "The Myth that Things are Getting Better," *New York Review of Books*, August 12, 1971, pp. 7-9.

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# THE MONTH IN REVIEW

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*A CURRENT HISTORY chronology covering the most important events of September, 1971, to provide a day-by-day summary of world affairs.*

## INTERNATIONAL

### Arab Federation

Sept. 2—By a nearly unanimous endorsement, the citizens of Egypt, Libya and Syria agree to a Federation of Arab Republics intended as a bastion against Israel.

### Berlin Crisis

Sept. 2—The Big Four powers delay signing an accord on Berlin because of translation difficulties.

Sept. 3—A treaty governing the status of Berlin is signed by the ambassadors of the U.S., the U.S.S.R., Britain and France. The agreement includes provisions for West German access to West Berlin.

Sept. 6—In an appearance before the West Berlin Senate, West German Chancellor Willy Brandt vows to maintain solidarity with West Berlin.

Sept. 9—A disagreement over the rights of West Berliners to cross East German territory delays the implementation of the 4-power Berlin agreement.

Sept. 14—Varying interpretations of the four-power Berlin agreement keep East and West Germany deadlocked in their negotiations.

### Disarmament

Sept. 28—A revised version of a draft convention to outlaw biological warfare is submitted to the Geneva disarmament conference; it is to be submitted to the U. N. General Assembly as a resolution this week.

Sept. 30—As the result of an agreement reached during SALT talks in Helsinki, U.S. Secretary of State William Rogers and Soviet Foreign Minister Andrei Gromyko sign 2 pacts designed to help prevent atomic war by accident and to improve hot-line communication via a new satellite system.

The 25-member Geneva disarmament conference sends its draft convention for the prohibition of biological warfare to the U.N. General Assembly.

### European Economic Community (Common Market)

Sept. 3—Common Market steel producers warn that renewal of voluntary steel export quotas to the U.S. is linked to the U.S. 10 per cent import surtax.

Sept. 10—Meeting in Brussels, the executive commission of the E.E.C. proposes that the U.S. devalue the dollar as part of a realignment of currencies on the part of the major industrialized countries.

Sept. 13—The six finance ministers of the E.E.C. countries say that the dollar standard should be replaced by an internationally agreed upon standard.

Sept. 14—The Common Market's Council of Ministers is told that the U.S. has issued a secret ultimatum to four Asian countries warning them to cut back on textile exports by Oct. 1 or face stiffer border controls.

### Middle East Crisis

(See also *Israel; U.A.R.*)

Sept. 11—Israeli guns down an Egyptian SU-7 fighter-bomber over the Suez Canal.

Sept. 12—British Foreign Secretary Sir Alec Douglas-Home arrives in Cairo to try to break the deadlock in the negotiations between Israel and Egypt.

Sept. 14—In a conference with British Foreign Secretary Sir Alec Douglas-Home, U.A.R. President Anwar el-Sadat says that he favors a peaceful solution to the conflict with Israel but is pessimistic about the chances for one.

Sept. 17—An Israeli air force cargo plane is shot down over Israeli-controlled territory by Egyptian ground-to-air missiles.

Sources in Egypt say the Soviet Union is supplying MI-6 helicopters to Egypt.

Sept. 18—For the first time in 13 months, rocket fire is exchanged between Israel and Egypt.

Sept. 24—After many delays, a reconciliation conference between Jordan and the Palestinian guerrillas takes place in Jidda, Saudi Arabia; no results are reported.

## Monetary Crisis

(See also *E.E.C.*)

Sept. 3—A search for a resolution of the world trade and currency crisis by the Group of Ten, the financial experts of the world's leading powers, has produced no results after a preliminary discussion.

Sept. 6—British Chancellor of the Exchequer Anthony Barber asks for a new basis for stable exchange rates.

Sept. 16—The London Monetary Conference remains deadlocked after hearing U.S. Treasury Secretary John Connally explain the U.S. position.

The 55-member council of GATT urges the U.S. to remove its 10 per cent import surcharge shortly.

Sept. 26—Meeting in Washington, the Group of Ten finance ministers agree on a working program of negotiations for their deputies, with realignment of currency exchange rates and removal of the U.S. 10 per cent import surcharge to be emphasized.

Sept. 27—The head of the I.M.F., Pierre-Paul Schweitzer, appeals to the annual meeting of the fund to make "every effort to cooperate with the United States" in solving the U.S. international payments balance deficit.

Sept. 28—A new world monetary system based on "paper gold" or "Special Drawing Rights" is proposed to the I.M.F. in various forms as a replacement for the dollar based on gold, by Britain, Japan, Italy, India, France and Canada.

## United Nations

(See also *Communist China; Japan; Jordan U.S., Foreign Policy*)

Sept. 6—At the first session of the fourth United Nations Conference on the Peaceful Uses of Atomic Energy in Geneva, Canada calls for a ban on all underground nuclear tests without regard for on-site inspection.

Sept. 10—In a formal farewell to the members of the headquarters staff of the United Nations, Secretary General U Thant makes clear his intention to retire after 10 years of service.

Sept. 11—Meeting in New York, representatives of 27 nations plan for a global conference on environmental problems to be held in Sweden in June, 1972.

Sept. 14—U Thant says the chances of solving the China issue during the coming U.N. session are "much brighter."

Sept. 19—In his final report, U Thant pleads with member nations to give his successor more power than he has held.

Sept. 21—The 26th General Assembly of the United Nations opens in New York. Adnan Malik, Indonesian Foreign Minister, elected President.

Qatar, Bahrain and Bhutan are admitted to the U.N., boosting total membership to 130.

Sept. 24—The 2-China plan sponsored by the U.S. is put on the agenda of the General Assembly.

Sept. 25—By a 68-28 vote (with 22 abstentions), the Assembly votes to defer the annual debate on Korea until 1972.

Sept. 26—The Security Council calls for changes in Israel's housing and population policies in Jerusalem.

Sept. 27—Indian Foreign Minister Swaran Singh opens the General Assembly by denouncing the "reign of terror" by the Pakistani government in East Pakistan.

Mauritanian President Moktar Ould Daddah asks the Security Council to enforce its order to South Africa to give up control of Namibia (South-West Africa)

Sept. 29—Canada and Iceland join Britain, Ecuador, Iran, Italy, Rwanda and Turkey, who have said they will vote against the U.S. resolution to make the expulsion of Nationalist China an "important question" requiring a two-thirds majority.

## War in Indochina

(See also *U.S., Military*)

Sept. 3—Suspected enemy rocket and mortar batteries in the southern half of the DMZ are the targets for a dozen strikes by U.S. B-52 bombers.

Sept. 4—U.S. air, ship and artillery forces continue to pound North Vietnamese positions in the southern DMZ and to the south of the line.

Sept. 5—U.S. B-52 bombers carry out 60 strikes over a broad area in South Vietnam, Cambodia and Laos, with the loss of two helicopters.

Sept. 6—In a continuing effort to destroy enemy concentrations and bases, U.S. B-52's fly 18 strikes northeast of Khesanh.

The South Vietnamese Foreign Ministry offers \$50,000 in flood relief aid to North Vietnamese flood victims. The funds will be sent through the South Vietnamese Red Cross.

Sept. 7—A new South Vietnamese push toward the Laotian border south of the DMZ is in its second day. 12,000 South Vietnamese troops, backed by U.S. air and artillery support, are taking part in the operation.

An attempted assassination of U.S. Ambassador Emory C. Swank, in Phnompenh, Cambodia, fails as the explosive fails to go off.

Sept. 9—Fresh South Vietnamese troops, 1,000 strong, are ferried by U.S. helicopters to reinforce South Vietnamese forces near the Laotian border.

William J. Porter, the new U.S. negotiator to the Paris peace talks, offers a suggestion to restrict publicity to help further the talks; the suggestion is rejected by the Vietcong negotiator, Dinh Ba Thi.

For the third time in a week, U.S. fighter-bombers strike at antiaircraft sites 2 miles north of the DMZ.

Sept. 14—Four U.S. helicopters are shot down near U Minh Forest, south of Saigon.

Sept. 16—Laotian troops, with U.S. and Laotian air support, battle to retake the key town of Paksong.

The commander of South Vietnam's Military Region I, Lieutenant General Hoang Xuan Lam, asserts that half the North Vietnamese forces threatening South Vietnam's northern provinces have been pulled back.

Sept. 17—Cambodian army troops are now in control of about half their national territory, according to Western sources in Phnompenh.

Sept. 22—The U.S. command says that fighter-bombers dropped 200 plane-loads of bombs in a 35-mile area north of the DMZ today.

Sept. 23—The U.S. command admits that oil depots were bombed during yesterday's sorties.

Sept. 24—The main North Vietnam supply routes in the Bankarai and Mugia passes continue to be the target of U.S. bombers.

Sept. 26—The heaviest attacks in nearly four months along the Cambodian-South Vietnamese border are launched by the North Vietnamese.

Two American employees of the American Embassy are killed and 13 more are wounded by terrorist bombs.

Sept. 30—Heavy bombing attacks by U.S. planes halt a 3-day-old enemy offensive effort along the Cambodian border which South Vietnamese officials say was aimed at disrupting Sunday's presidential election.

## ARGENTINA

Sept. 18—President Alejandro A. Lanusse declares that elections will be held on March 25, 1973, and that civilian constitutional government will be restored on May 25, 1973.

## BELGIUM

Sept. 24—Premier Gaston Eyskens dissolves Parliament; general elections are to be held November 7, 1971, instead of May, 1972.

## BRAZIL

Sept. 15—Congress receives President Emilio G. Médici's development plan for 1972-1974. The plan, which has as its goal the full industrialization of the nation within a generation, is assured of passage in the government-controlled Congress.

## CAMBODIA

(See also *Intl, War in Indochina*)

Sept. 4—Acting Premier Sisowath Sirik Matak announces plans to begin discussions with South Vietnam next week aiming at the withdrawal of 10,000 South Vietnamese troops still in Cambodia. The South Vietnamese joined forces with the Cambodians in May, 1970, to fight the North Vietnamese and Vietcong.

## CANADA

Sept. 7—Minister of Industry, Trade and Commerce Jean Luc Pepin outlines a plan to aid exporters who have to lay off workers because of the U.S. 10 per cent surcharge on imports. The government is setting up an \$80-million aid fund to help companies reduce their prices so that they can compete with U.S. companies in the U.S.

Sept. 14—Minister of External Affairs Mitchell W. Sharp tells a news conference that Canada is not seeking the formal devaluation of the U.S. dollar.

Sept. 16—The government reports that consumer prices rose and the unemployment rate also climbed in August, to 6.5 per cent.

Sept. 24—The Dominion Bureau of Statistics reports that the cost of living has risen 30 per cent in 10 years.

## CHILE

Sept. 1—A spokesman for the Economic Ministry announces that the government has taken over the management of the country's largest tire-maker, Insa, to end a

strike; General Tire of the U.S. owns 37 per cent of Insa. The company is to be reorganized as a mixed enterprise with worker participation.

Sept. 4—President Salvador Allende Gossens is welcomed in Santiago on his return from a 10-day tour of Ecuador, Colombia and Peru. His 3 host governments have joined Chile in joint declarations noting that nationalization of foreign properties is a sovereign right and that "coercive political or economic measures" taken by the U.S. constitute "unacceptable interference."

Sept. 9—The government announces that the President is planning to hold a plebiscite to eliminate the Chilean Congress and establish a unicameral Assembly of the People. The move follows two weeks of hostilities between Allende's leftist coalition and the Christian Democratic and National party leaders.

Sept. 15—The International Telephone and Telegraph Company says that it has been advised that its U.S.-owned Chilean Telephone Company will be nationalized within a few days.

Sept. 25—The Christian Democratic party ends its support for the Allende government.

Sept. 28—Gossens announces that the Anaconda and Kennecott companies of the U.S. will be required to pay \$774 million in "excess profits"; this assessment will liquidate any government obligation to compensate the companies for nationalizing their mines.

## CHINA, PEOPLE'S REPUBLIC OF (Communist)

(See also *Intl, U.N.; U.S.S.R.*)

Sept. 2—The American Telephone and Telegraph Company confirms the fact that China has agreed to resume telephone service on a "temporary" basis with the U.S. via Japan.

Sept. 4—Senior diplomats in London reveal that 19 key Chinese diplomats have been recalled to Peking by Premier Chou En-lai to assist in preparations for U.S. President Richard Nixon's visit.



Sept. 9—*Hsinhua*, the Chinese press agency, charges *Tass*, the Soviet press agency, with "odious fabrications and lies" with respect to Chinese-U.S. cooperation.

Sept. 12—The establishment of a new National Ministry of Economic Affairs was made known in a report on a conference on improved gasoline engines broadcast from the capital of Hopeh Province last week, according to *The New York Times* today.

Sept. 17—It is reported in Hong Kong that the Chinese party journal *Hung Chi* has outlined the government's sweeping measures to combat industrial pollution.

Sept. 25—The government, expressing its position in *Hsinhua*, refuses to join the U.N. if the Nationalist Chinese on Taiwan continue as members.

Sept. 30—A reception in Peking is substituted for the banquet traditionally held on the eve of National Day; no top-ranking officials are present.

## **EIRE**

(See also *United Kingdom*)

Sept. 6—Prime Minister John Lynch confers with British Prime Minister Edward Heath on the continuing crisis in Northern Ireland.

## **FRANCE**

Sept. 1—A government spokesman says that France has formally cancelled further nuclear tests in the Pacific in 1971; President Georges Pompidou is said to have written to Peru, which threatened to end relations with France if the tests continued. In 1971, France has staged 5 test explosions, including 1 hydrogen blast.

Sept. 15—The government makes public a budget for 1972 projecting a growth rate of 5.2 per cent and calling for expenditures of almost \$40 billion, with prime attention to the prevention of serious unemployment.

## **GERMANY, FEDERAL REPUBLIC OF (West)**

(See also *Intl, Berlin Crisis*)

Sept. 10—The Cabinet adopts a \$30.4-billion

budget for 1972 aimed at stabilizing the economy.

Sept. 16—Chancellor Willy Brandt meets Soviet Communist party leader Leonid Brezhnev in the Crimea.

Sept. 18—A joint communiqué issued after Brandt's 2 days of talks with Brezhnev states that the leaders have found "common elements in their positions" on the reduction of forces in Europe; Brandt promises to "accelerate" efforts to set up a European security conference.

## **GREECE**

Sept. 4—Premier George Papadopoulos and Archbishop Makarios, President of Cyprus, issue a noncommittal communiqué after 2 days of talks in Athens.

Sept. 28—The Athens Special Military Tribunal sentences 5 persons—including 2 Americans—convicted of conspiring in the unsuccessful escape of Alexandros Panagoulis. Lady Fleming, Greek-born widow of the discoverer of penicillin, is sentenced to 16 months in prison for her participation in the plot; hers was the most severe sentence.

## **HUNGARY**

Sept. 28—After 22 years of confinement in Hungary, Jozsef Cardinal Mindszenty leaves Hungary and arrives in Rome; he will remain in permanent exile.

## **INDIA**

(See also *U.S.S.R.*)

Sept. 29—Prime Minister Indira Gandhi leaves Moscow; a joint Soviet-Indian communiqué supports India's stand on East Pakistan.

## **ISRAEL**

(See also *Intl, Middle East Crisis*)

Sept. 12—The Cabinet decides to propose legislation giving labor agreements in state and public services the force of law, to stop a wave of strikes by civil servants.

## ITALY

- Sept. 2—The Bank of Italy announces that Italy's net official reserves rose from 3,745,-900 million lire in June to 3,760,000 million in July; gold holdings were unchanged.
- Sept. 3—Italy suggests that a new international currency exchange standard should be adopted based on Special Drawing Rights, the International Monetary Fund's "paper gold."
- Sept. 22—Price controls are adopted for food and other basic supplies.

## JAPAN

- Sept. 1—Premier Eisaku Sato declares that the U.S. remains the "pivot" of Japanese foreign policy despite the problems arising out of U.S. President Nixon's new economic policy.
- Sept. 3—Japan's Foreign Investment Council formally approves a capital link-up agreement between General Motors of the U.S. and the Isuzu Motors Company; in June a similar agreement between the Chrysler Corporation of the U.S. and Mitsubishi Motor Corporation was approved.
- Sept. 4—After a 2-hour meeting, top Japanese government officials and leaders of the ruling Liberal-Democratic party agree that Communist China should be admitted to the U.S. but that Taiwan's expulsion should be prevented.
- Sept. 27—Emperor Hirohito flies to Alaska to meet U.S. President Richard Nixon; this is the first time a Japanese emperor has ever left Japan.

## JORDAN

(See also *Intl. Middle East Crisis*)

- Sept. 7—The Jordanian National Union is recognized as the only authorized political organization in the nation, according to an announcement by King Hussein.
- Sept. 16—Jordan asks the U.N. Security Council to force Israel to stop annexing Jerusalem and the lands around it; the Israeli delegate to the U.N. has denied Jordan's charge.

## LIBYA

(See *Malta*)

## MALTA

- Sept. 6—It is reported by *The New York Times* that Prime Minister Dom Mintoff signed a 1-year \$12-million emergency loan agreement with Libya August 17, after refusing a Soviet offer of aid.
- Sept. 22—It is announced in London that Mintoff has agreed to allow Britain and her NATO allies to continue to use the naval base in Malta; a new defense agreement is to be negotiated.

## PAKISTAN

- Sept. 4—Sheik Mujibur Rahman's trial for treason is reported adjourned to allow the defense time to prepare its case, a "highly placed source" reports.
- Sept. 5—President Agha Mohammad Yahya Khan announces a general amnesty for "all those who have committed or are alleged to have committed offenses during the disturbances in East Pakistan beginning March 1, 1971, and ending September 5, 1971"; the amnesty extends to members of the armed forces and police who defected to join the Bengali independence movement.
- Sept. 10—Pakistan and the U.S. sign an agreement whereby the U.S. will provide some \$40.3-million worth of food for East Pakistan.
- Sept. 15—Yahya returns after a 1-day trip to Iran.
- Sept. 18—The government-owned *Morning Times* reports that the secret military trial of Sheik Mujibur has ended.
- Sept. 29—Leader of West Pakistan's majority party Zulfikar Ali Bhutto demands that the military government cede power to an elected National Assembly by the end of 1971.

## PHILIPPINES

- Sept. 4—José W. Diokno charges that members of the military, not Communists, thre-

the 2 hand grenades at an opposition rally Aug. 21. President Ferdinand E. Marcos has charged that the Communists threw the grenades, which killed 9 persons and injured some 100; he has suspended the constitutional right to writs of habeas corpus for those charged with insurrection.

## **POLAND**

Sept. 4—At a special meeting of the Central Committee, Communist party leader Edward Gierak announces that the party will convene its sixth congress on December 6, 1971, a year early.

## **QATAR**

Sept. 7—Qatar asks for membership in the U.N. The state, with 110,000 people and 4,000 square miles, declared its independence September 1. Qatar has been under British protection since 1916.

## **SPAIN**

Sept. 15—A two-thirds majority of an assembly of Roman Catholic priests and bishops approves a series of resolutions calling for the establishment of social and economic justice, human freedoms and an end to the links between the Spanish government and the Church.

Sept. 29—The quadriennial election of one-fifth of the members of the *Cortes* attracts only light voting.

## **TANZANIA**

(See *Uganda*)

## **UGANDA**

Sept. 2—President Idi Amin charges that Tanzanian planes bombed the village of Kikagati yesterday. Tanzania denies the charge and refuses to submit the Tanzanian-Ugandan dispute to Commonwealth mediation.

## **U.S.S.R.**

(See also *United Kingdom*)

Sept. 2—An unmanned spacecraft, Luna 18, is launched toward the moon.

The International Institute for Strategic

Studies reports that the Soviet deployment of ICBM's has slowed since the beginning of 1970; the Soviet total is estimated at 1,510, compared with the U.S. total of 1,054.

Sept. 7—It is announced in Moscow and in Ottawa that Premier Aleksei Kosygin will visit Canada for a week beginning October 18; this will be the seventh overseas trip by a major Soviet leader in a 3-month period.

Sept. 10—It is reported by *The New York Times* that there has been no comment in the Soviet news media about the failure of the government to submit a final draft of the 1971-1975 economic plan to the Supreme Soviet by September 1.

Sept. 11—Former Premier Nikita Khrushchev dies of a heart attack at 77.

Luna 18 loses contact with the earth as it lands.

Sept. 26—The government denies British charges that its diplomats in Britain have been engaged in espionage and asks Britain to withdraw its ouster of 105 Soviet representatives.

Sept. 27—A formal state dinner for Indian Prime Minister Indira Gandhi is postponed at Soviet request to allow Politburo members to attend an urgent meeting called by party leader Leonid Brezhnev.

The world's second largest underground nuclear explosion is detected in the Soviet Union by the U.S. Atomic Energy Commission.

Sept. 28—At a state luncheon in Moscow, Kosygin and Indian Prime Minister Gandhi urge Pakistan to permit the return of several million East Pakistan refugees who have fled to India.

## **UNITED ARAB REPUBLIC**

(See also *Intl, Middle East Crisis*)

Sept. 4—The Prosecutor General asks a revolutionary tribunal to sentence former Vice President Aly Sabry and 8 other high officials to death for high treason because of their alleged role in a conspiracy against President Anwar el-Sadat in May, 1971.

Sept. 12—Minister of the Interior Mamdouh Salem announces that 99.98 per cent of the votes cast in yesterday's election approved the new permanent constitution, which offers guarantees against police-state abuses and somewhat strengthens the People's Assembly. The President retains dominant power, including the right to rule temporarily by decree.

## UNITED KINGDOM

(See also *Eire*; *U.S.S.R.*)

### Great Britain

Sept. 2—The British bank rate is cut to 5 per cent from 6 per cent to keep the pound from floating too high against the dollar.

Sept. 7—Eire's Prime Minister John Lynch and Prime Minister Edward Heath end 2 days of talks in strong disagreement on the crisis in Northern Ireland.

Sept. 22—Home Secretary Reginald Maudling says that Northern Ireland's Roman Catholic minority should have "an active, permanent and guaranteed place in the public affairs of Northern Ireland."

Sept. 23—The Secretary for Employment announces that unemployment in Britain and Northern Ireland has risen in September to 3.9 per cent of the work force, the highest level since 1940.

Sept. 24—90 Soviet representatives are ordered to leave the country and 15 others will be refused reentry by the government on charges of spying; the Foreign Office asks the U.S.S.R. to "end operations against the security of this country."

Sept. 28—At the close of a 2-day conference, the Prime Ministers of Britain, Northern Ireland and Eire issue a communiqué urging political reconciliation in Northern Ireland; specific issues remain unresolved.

### Northern Ireland

Sept. 2—In downtown Belfast, 39 persons are hurt and the headquarters of the governing Unionist party is wrecked by 6 bombs.

Sept. 15—Prime Minister Brian Faulkner declares that he has ordered the internment

of 219 men believed to be members of the Irish Republican Army. The men were among 337 jailed 5 weeks ago and held without trial. Some men have been released and the case of others is still being considered.

## UNITED STATES

### Civil Rights and Race Relations

Sept. 2—Supreme Court Justice Potter Stewart refuses to stay a court order requiring extensive busing in the Nashville, Tenn., school system.

Sept. 4—Chief Justice Warren E. Burger refuses to halt the Arlington, Va., busing plan.

Sept. 8—Mobile, Ala., quietly puts into effect a massive busing plan for its schools.

Sept. 13—A busing plan involving 48,000 elementary school students in San Francisco, Calif., goes into effect quietly although the absentee rate is estimated to be as high as 45 per cent.

Sept. 18—Federal District Court Judge George Young orders that only 5,000 of 90,000 students in Orange County, Fla., be bused. He declares more massive busing "not feasible" and sets an October 4 deadline for implementation of the plan, which follows closely the recommendations of the Orange County School Board. The N.A.A.C.P. had proposed a plan involving 15,000 students and indicates that the decision will be appealed.

Sept. 22—Governor George C. Wallace signs into law a bill passed by the Alabama Legislature that permits parents to send their children to their neighborhood schools if they believe that alternative busing would harm the children.

Sept. 26—The United States Bureau of Labor Statistics releases a study that shows that 27.9 per cent of the nonwhites employed across the country held white collar jobs last year. This compares with 26.2 per cent in 1969, 19.5 per cent in 1965, and 16.1 per cent in 1960.

### Demonstrations and Unrest

Sept. 13—As one thousand state troopers

prison guards and sheriff's deputies storm the Attica, N.Y., state prison to end a 5-day strike, 28 prisoners and 9 hostages are killed in the most serious prison tragedy in U.S. history.

## **economy**

Sept. 1—The Treasury Department rules that imports already in shipment to the United States on August 15 and goods in bonded warehouses or foreign trade zones or tied up by the West Coast dock strike are exempt from the new 10 per cent import surcharge.

Sept. 3—The unemployment rate rose to 6.1 per cent of the labor force in August, according to the Labor Department.

Sept. 9—Secretary of the Treasury John B. Connally says that 3 of the 4 companies that announced dividend increases after the freeze have agreed to reduce their next dividend payments.

Before a joint session of Congress, President Richard M. Nixon states that he will not extend the freeze beyond its November 12 expiration date, but that he will take whatever steps are necessary "to see that America is not again afflicted by the virus of runaway inflation." He urges passage of his tax relief and import control proposals.

Sept. 10—In an effort to expedite the draft bill, Secretary of Defense Melvin R. Laird writes Senator John C. Stennis (D., Miss.), chairman of the Senate Armed Forces Committee, that he will agree to an October 1 military pay rise despite the freeze.

Sept. 13—The United States balance-of-payments deficit reached an annual rate of \$9 billion in the first half of 1971, according to Paul A. Volcker, Under Secretary of the Treasury.

Sept. 14—A group of 24 banks lend the Lockheed Aircraft Corporation the first \$50 million against a possible \$250 million guaranteed by the federal Treasury.

Sept. 15—Secretary of the Treasury John B. Connally challenges the Group of Ten finance ministers, meeting in London to

consider the dollar crisis, to help produce a \$13-billion improvement in the American balance of international payments.

The Federal Reserve Board reports that industrial production dropped .8 per cent in August. This second consecutive monthly drop is attributed primarily to steel inventory consumption following the steel industry labor settlement but confirms weakness in the economic recovery.

Sept. 16—The Commerce Department says that personal income increased by \$8.8 billion in August on an annual basis. The unusually large increase included pay increases for United States Postal Service employees which accounted for \$2 billion of the increase.

Sept. 22—The Labor Department reports that the Consumer Price Index rose .3 per cent (.4 per cent seasonally adjusted) in the month of August. Both figures were higher than their July equivalent although less than the May and June figures.

Sept. 24—United States monetary reserve assets declined by \$1,155,000,000 in August, the Treasury says. Total reserve assets have declined about \$2.3 billion since the start of the year. The nation's total reserve assets have not been lower since 1937.

Sept. 27—The Commerce Department reports that the United States imported \$259.7 million more in goods than it exported in the month of August. This is the fifth month in a row to show a balance-of-trade deficit.

Sept. 28—The Commerce Department reports that the composite index of leading economic indicators fell 0.9 per cent in August.

A Census Bureau report on city finance reveals that municipalities spent \$1.5 billion more than they took in in fiscal 1970.

Sept. 30—At the annual meeting of the International Monetary Fund in Washington, D.C., Secretary of the Treasury Connally says the U.S. will remove its new import surcharge if other leading countries let their currencies float freely upward towards the dollar.



## Foreign Policy

(See also *Intl, Berlin Crisis*)

Sept. 2—John A. Hannah, head of the Agency for International Development, tells the Senate appropriations subcommittee on foreign operations that the United States will supply \$118 million less in economic aid as the result of a presidential order cutting foreign aid by 10 per cent.

Sept. 3—State Department spokesman Charles W. Bray 3d announces that the United States and the Soviet Union will begin talks October 12 in Moscow on the subject of avoiding incidents involving their warships and aircraft.

Sept. 13—*The New York Times* discloses secret Senate testimony by G. McMurtrie Godley, United States Ambassador to Laos, revealing that guerrilla units financed by the Central Intelligence Agency "have been the backbone of the military effort in Laos," which involves some 30,000 irregulars.

President Richard M. Nixon promises to exempt Latin America from the 10 per cent foreign aid cut.

Sept. 16—President Richard M. Nixon says that the United States will vote to seat Peking in the Security Council as well as in the General Assembly of the United Nations. Mr. Nixon also says, in his unscheduled news conference, that "we will vote against the expulsion of the Republic of China and we will work as effectively as we can to accomplish that goal."

At the same news conference, Mr. Nixon says that he rejects congressional suggestions that U.S. aid to South Vietnam should be halted because of the uncontested presidential election race there.

Sept. 19—Officials of the Agency for International Development reveal that \$32 million in additional aid for East Pakistan has been allocated by the United States.

Sept. 21—President Nixon asks the Senate to approve the treaty returning Okinawa to Japan.

Sept. 27—President Richard M. Nixon and Emperor Hirohito of Japan meet in Alaska for an informal 35-minute talk. They

pledge continued friendship and cooperation.

Sept. 29—President Richard M. Nixon and Foreign Minister Andrei A. Gromyko of the Soviet Union meet for two hours in Washington. They agree that some progress has been made in the talks on limiting strategic arms and express hope for further progress upon the resumption of the talks in Vienna Nov. 15.

## Government

(See also *Economy*)

Sept. 3—Robert J. McCloskey, State Department press spokesman, discloses that Federal Bureau of Investigation agents are questioning State Department personnel to determine how sensitive information was recently leaked to the press. McCloskey says the investigation is being carried out "with the approval of the Secretary of State."

Sept. 7—The Office of Education says that elementary school pupil population will decline this fall for the second consecutive year. The decline of .3 million reflects population trends. Nevertheless, 63 million persons—30 per cent of the population—will be involved in education in 1971-1972 either as students, teachers or administrators.

Sept. 13—The Justice Department asks the Supreme Court to rule that journalists do not have a constitutional right to refuse to reveal confidential sources or information learned in confidence.

Sept. 18—The Census Bureau reports that the world's population will continue to increase for at least 60 years even if by the end of this decade all parents limit themselves to two-child families.

Sept. 20—The Department of Labor says it will allocate \$200 million for emergency public service jobs to areas with high unemployment. The money is to be distributed in October to cities, counties and neighborhoods where unemployment exceeds 6 per cent. The money is part of \$1 billion authorized under the new Public Service Employment Act.

Sept. 21—Congress sends a new draft bill to the White House. The bill increases the pay and allowances of servicemen by \$2.4 billion annually, permits the abolition of student deferments, and prohibits the drafting of more than 130,000 men in fiscal 1972 and 140,000 men in fiscal 1973 without further congressional authorization.

Sept. 22—Congress completes action on an appropriations bill which contains a ban on underground nuclear testing in the Aleutians "unless the President gives his direct approval."

Sept. 25—President Nixon signs the bill repealing a 21-year-old law which authorized the establishment of detention centers for suspected subversives. The bill also prohibits the reestablishment of such centers without the consent of Congress.

Sept. 28—President Richard M. Nixon signs into law the bill extending the draft for two years. He defers the military pay increase contained in the bill until after November 13.

Sept. 29—Attorney General John N. Mitchell releases Federal Bureau of Investigation statistics that reveal that violent crime increased 11 per cent in the United States during the first six months of 1971 while all serious crime increased 7 per cent.

Sept. 30—By a vote of 57 to 38, the Senate adopts an amendment calling for the withdrawal of all U.S. military forces from Indochina within 6 months after the release of all American prisoners of war.

## Military

Sept. 1—The United States command in Vietnam announces the start of a 42,000-troop reduction that will reduce American strength in South Vietnam to 177,000 men by December 1.

Sept. 4—The Pentagon revises downward its figures about the incidence of heroin use by American servicemen in Vietnam, from 5.4 per cent to 3.6 per cent. The figure is based on positive confirmation of heroin in the urine through use of a secondary urinalysis technique. 70,621 departing ser-

vicemen have been tested over a two-month period.

Sept. 22—Captain Ernest L. Medina is acquitted of all charges of involvement in the March, 1968, killing of Mylai civilians. (See *Current History Annual 1970*, p. 21.)

## Politics

Sept. 4—The Gallup Poll reports that President Richard M. Nixon leads all Democratic contenders by at least 5 per cent, confirming that he has benefited politically from his announced China mission and his new economic measures.

Sept. 22—The Gallup Poll reports that economic problems have replaced the war in Vietnam as the chief concern of the American people.

Sept. 24—Senator Fred R. Harris (D., Okla.) becomes the second declared candidate for the Democratic presidential nomination.

## Supreme Court

(See also *Civil Rights*)

Sept. 13—Associate Justice Hugo L. Black retires from the Supreme Court after 34 years of service.

Sept. 23—Associate Justice John M. Harlan retires from the Supreme Court for reasons of health after 16 years of service.

Sept. 24—The Supreme Court issues a new schedule postponing appeals involving capital punishment, pollution, non-unanimous jury verdicts, compelled testimony before grand juries and sex and racial discrimination in employment, because of the 2 vacancies on the Court.

Sept. 25—Retired Associate Justice Black dies.

## URUGUAY

Sept. 6—111 prisoners are freed from a maximum security prison by members of the Tupamaro guerrilla organization; all major leaders of the Marxist urban guerrilla organization escape.

Sept. 9—British Ambassador Geoffrey Jackson is released by the Tupamaro guerrillas after being held hostage for 8 months.

Sept. 11—President Jorge Pacheco Areco pledges stronger measures to defeat the Tupamaros.

## VIETNAM, REPUBLIC OF (South)

(See also *Intl, War in Indochina*)

Sept. 1—A government communiqué reveals that President Nguyen Van Thieu will be the only candidate for President in the presidential election to be held October 3. Vice President Nguyen Cao Ky's name will not appear on the ballot.

Sept. 3—Ky tells a briefing for Western reporters that he will "destroy" Thieu and stage a coup if Thieu runs as the only presidential candidate October 3.

Sept. 11—Thieu says he will resign if he receives less than half the votes in the October 3 election; voters who oppose him may cast "irregular" ballots.

Sept. 22—The Senate asks Thieu to postpone the October 3 election.

Sept. 29—Thieu orders the National Police to "shoot down anyone who attempts to burn vehicles in the street," to control demonstrators against the October 3 elections.

## YEMEN

Sept. 4—The Yemeni Consultant Council accepts the forced resignation of Premier Hassan al-Amri.

Sept. 18—The new Premier, Mohsen el-Ayni, forms a new government of 19 ministers.

## YUGOSLAVIA

Sept. 15—It is revealed in Washington that the first Yugoslav military mission in 20 years to visit the U.S. has completed a 9-day tour. It is also announced that President Tito plans to visit the U.S., probably in late October.

Sept. 25—Soviet Communist party leader Leonid Brezhnev and President Tito sign a new Belgrade Declaration after 3 days of conferences; the declaration affirms Yugoslavia's right to develop her own brand of communism, in effect repudiating the Brezhnev Doctrine.

## ZAMBIA

Sept. 18—It is revealed in Lusaka that President Kenneth Kaunda and an international conservation group signed an agreement August 20 to establish a 2,400-square mile wildlife refuge in southeastern Zambia.

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